

Banks' obligation to the public

BY C. GORDON TETHER

THE DISCLOSURE that the big banks are effectively allowing inflation to whittle away their cheque card facility so as to minimise their vulnerability to losses arising from its fraudulent use is testimony to their growing inclination to want to have everything their own way in their dealings with the general public.

Indeed, one might argue that it is the best argument that has yet emerged for the acquisition of one of their number by the State. It is only fair to add that it was clearly understood that the chosen institution's main task thereafter would be to set satisfactory standards rather than to try to prove that a nationalised bank can hold its own against private-enterprise versions in the race for bigger profits.

The effect of the banks' refusal to alter the £30 limit on cheque guarantees cards in line with the fall in the purchasing power of money has been to reduce the real value of the facility to less than half the amount originally envisaged. And if they continue to reject the powerful arguments for updating it, it won't be long before it has shrunk to a third.

The excuse

To all intents and purposes, therefore, they are phasing out this important service. And, if you question that, just consider what would have been said about the decision to launch it as a means of encouraging the use of the cheque if the limit had originally been set as low as £10.

The banks have endeavoured to justify the down-grading of this facility on the grounds that it is exposing them to "the dangers of fraud from stolen cards and cheque books." But all banking activity inevitably incurs some risks of this kind. And in the absence of any clear-cut evidence that they are such as to justify this drastic decision, what are we to conclude? Is it not that the general run of their customers and the retail trading community are being made to pay through curtailment of service, for the substantial losses the banks have incurred elsewhere as a result of the policy excesses perpetrated in other fields in the interest of trying to earn bigger and bigger profits?

And that is not the only justification for complaining that the banking establishment is displaying a greater determination than ever to order its relations with the general run of its customers in a blatantly one-sided manner, as its competitors.

RACING

BY DOMINIC WIGAN

Steel Heart can win Spillers

TWO HORSES—Steel Heart and Honeyblest—dominate the ante post betting on today's Spillers' Stewards Cup at Goodwood and I expect them to justify their market position by taking the first two places.

The present favourite, Honeyblest, trained by that expert of big handicaps Doug Smith, is probably the most improved of the 21 runners, having graduated this season from being a useful handicapper to one of the best sprinters in the country.

A 1-length winner from Madras at Newbury early last month, Honeyblest went on to defeat Moon Melody comfortably in Newmarket's Hamilton Handicap before landing another highly competitive sprint on the July course—the Fen Ditton Handicap—which he again won with a lot in hand, at the main expense of Fearless Boy. Moon Melody was third.

On 5 pound better terms for the three lengths by which he was beaten in the Fen Ditton, Fearless Boy may make a much closer race if, but I cannot see him gaining his revenge on Honeyblest.

Steel Heart, who I expect to see backed down to clear Honeyblest,

favourite just before the race, has been maintaining top class form throughout the season. His best effort was probably in Newmarket's July Cup, in which he failed narrowly to peg back the

other promising looking mounts, in addition to Steel Heart, Hoyloft and Beauvalon.

Hoyloft, who could finish only third when favourite for the Queen Mary Stakes at Royal Ascot, has since easily accounted for Corrib at Lingfield and I expect to see her turn the tables on the Queen, May winner and runner-up, Rory's Rocket and Enchanted, in the Molecomb Stakes.

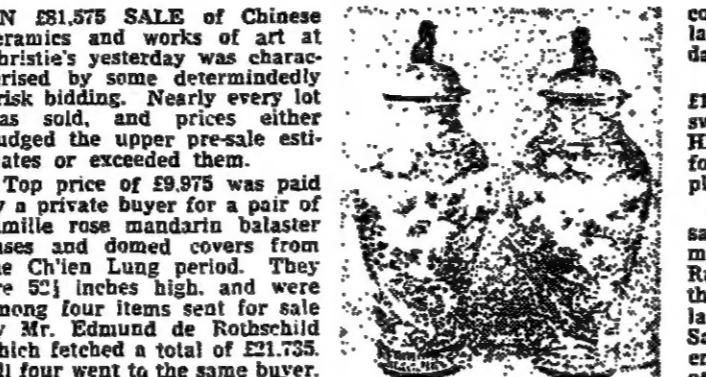
Beauvalon, from the Vincent O'Brien stable which won with seven of its eight runners at the Royal meeting, appears to have only Red Canute to beat in a rather substandard Warren Stakes.

At today's only other meeting, Redcar, where John Dunlop and Ron Hutchinson can achieve a double through Men of Harlech and Rising Falcon, Alphadamas can return to winning trim in the valuable William Hill sprint.

SALEROOM

BY MICHAEL THOMPSON-NOEL

Chinese vases fetch good prices



This pair of famille rose baluster vases fetched £9,975 at Christies.

£3,000 sword

Among 24 pieces belonging to Lord Barnard which fetched a total of £9,384 were a pair of Tokyu went to £3,000 for a fine

court sword decorated in gold lacquer, while a 19th-century dagger made £1,600.

Other leading prices included £1,500 for a late 19th-century sword blade by Tadahiro of Hizen and £1,500 for an item of folding armour made of hinged plates, circa 1750.

Sotheby's also held a £26,887 sale of silhouettes, portrait miniatures, objects of vertu and Russian works of art in which the top price was £2,400 for a large circular 19th-century Savory silver and cloisonné enamel dish, and an £8,229 sale of printed books, the second session of which will be held this morning.

Top price yesterday was the £380 paid for a copy of the first edition of Sir Walter Raleigh's *History of the World* published in 1614 and sold to Riley Smith.

At Phillips, a sale of furniture and objects of art totalled £1,527, while a sale of 20th-century oil paintings, water colours, drawings and sculpture amassed £23,054, including £2,100 and £1,150 for two works by Sir William Russell Flint.

WINE

BY EDMUND PENNING-ROSELL

When the French drink champagne

THE SHARP fall in world prices was drunk here as other farmers who showed the biggest jump, from 40 to 70 per cent, and it was "an accidental consequence that it was most often consumed in the 'rural communes' that the increase was greatest."

Nevertheless these welcome responses were accompanied by clear warnings that price is an increasingly important consideration, and that is where the wine-makers who make and market their own champagne play an ever-more-important role. In 1854 they sold less than 4m. bottles, but in the interview year of 1967 their total had reached 25m. bottles, and last year was 32.5m. (after 35.5m. in the 1972 peak).

Today more than two bottles of champagne out of every five bought within France are sold direct by mail order from grower to private customer—and at a cost of about two-thirds of a *grande marque* wine. The latter is likely to be finer, being a carefully blended wine drawn from many sources, whereas the grower may make champagne only from his own vineyard.

Yet as this survey shows price is a big factor, and it fits in with the French mania for having personal preference in drink. The sales of sparkling wine have increased by 20 per cent over the past two years, and this year the number had risen to 39 per cent, and for future purchases 54 per cent indicated their intention to do so.

This trend is confirmed by champagne sales within France for the first four months of this year, as measured by dispatches from Champagne. Although the poor showing of the merchants over the past two years shows that this year the number had risen to 39 per cent, and for future purchases 54 per cent indicated their intention to do so.

Those interviewed were asked to name three types of alcohol they drink that they would prefer when invited out. The answers differed little in percentage terms from the 1967 enquiry. The first choice was a red wine bearing an appellation, followed then port or a wine-based aperitif. Those who included champagne in their list were asked whether its absence they would accept another sparkling wine; and twice as many refused as accepted such affairs.

The reasons for this increased champagne demand were given by the interviewees with commendable "Gallois realism": the rise in the standard of living. Forty-two per cent gave this as the reason, with, in second place, those then port or a wine-based aperitif. Those who included champagne in their list were asked whether its absence they would accept another sparkling wine; and twice as many refused as accepted such affairs.

For the Champenois this was a key question, for they have been increasingly concerned about the expansion, particularly abroad, of other wine monopolies. Britain, the largest champagne market outside France, is the best (or worst) example. In 1965, according to customs figures that provide the most reliable guide to consumption, almost twice as much champ-

agne was drunk within the past year as measured by dispatches from Champagne. Although the poor showing of the merchants over the past two years shows that this year the number had risen to 39 per cent, and for future purchases 54 per cent indicated their intention to do so.

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The conclusions to be drawn from this survey is that as a *"vin de fête"*—and there is no lack of festive occasions—champagne holds a very strong position within France and for social affairs has no rivals, least of all other wine monopolies. The price counts more and more. The *grande marque* houses are caught in what they call the *"circuit de distribution"*—stock holding and marketing costs, no least abroad where the growth scarcely penetrates. The merchants' export problems may become clearer as a result of further surveys to be made in Britain, Germany and Italy. They may show quite different drinking patterns and attitudes to what all, nevertheless, will accept at the world's most prestigious type of wine.

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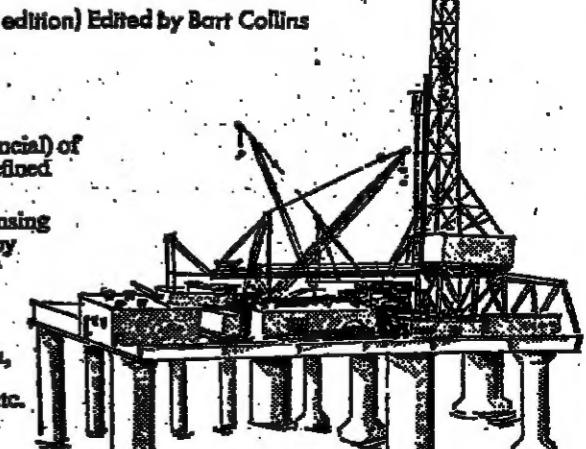
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The Financial Times is to publish
Walter R Skinner's

NORTH SEA AND EUROPE OFFSHORE YEAR BOOK AND BUYERS' GUIDE

(1976 edition) Edited by Bart Collins

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Kuwait

"The most important art"

by RONALD HOLLOWAY

The Ninth Moscow International Film Festival was full of contrasts. On one side, it's a "Ceylon" that we are acquainted with. The Thai and film, *Roar*, important art" (Lenin) of the *Tiger*, revealed a fascinating century: Cultural Minister with the Hollywood action-star, Yernan, chairman of thriller, while the North Vietnam festival's organization, a woman, *The Girl From Home*, was greeted on opening night not about a Women's Brigade 1,500 foreign and Soviet film-makers and delegates from hundred countries, who would screen 380 films in the feature competition, the shorts and Silence and Syrian *Kapre* documentary section, and the Children's Films programme. On the other hand, standards of ternus only to be defused by the film art bow to cinema as Algerian entry, Mohamed Bouzid's *L'Heritage*, which dealt new norms of film style and with moral questions in the difficult reorganisation period in the immediate demands of new. 1962 after the French departure emerging film culture. It's a quiet, gentle film capturing the beauty of the desert in cultures, such as those of the United States, *Twilight Colours*, which although the political implications of trauma resulting from the evils of colonialisation in village life are not fully worked out.

The festival has a point. It is indeed warming to note how some Third World countries (for example, Africa) formulate unique cultural expressions in film art, some for the first time without a traditional literary basis. It is also fascinating to watch some cultures draw on subtleties of expression or *The Congress of White-Washers* the ruthlessness of the Western observer: to take the business tycoon when challenged by the poor and unemployed, example, the richness of film art in various Soviet Republics has yet to be tapped and interpreted for the general public. Every festival has its surprises, but how does one explain a young third wife for show,



Barbara Mullen and Derek Bond in the revival of Agatha Christie's 'Murder at the Vicarage' which opened last night at the Savoy Theatre

The coming season at the Royal Court

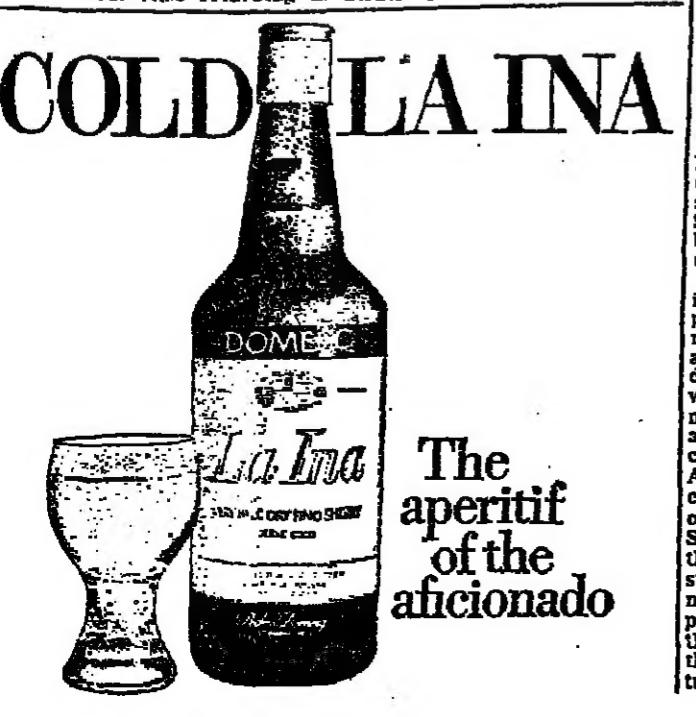
Under its new artistic of a number of family directors, Robert Kidd and difficulties. Constance Cummings Nicholas Wright, the Royal will also be in the cast; the Court is to embark on a season director is Chris Parry, in which young British designer Bob Ringwood. It will dramatists are strongly featured, open in the week of October 6.

The first play in the autumn season is David Hare's *Teeth* 'Smiles' which is about a rock band playing at a May Ball in Cambridge. The leads will be in mid-November. *How Mad Twink Was Taken Away*, a first play by John Morris which won King and Jack Shepherd; David King himself will direct, and the designs are by Jocelyn Herbert. Previews from August 28; opening date September 2.

Next comes Howard Barker's new play *Strippell* (presented in association with Michael Codron). Finally, a new comedy by Christopher Hampton, *Trents*, a judge who makes a decision also to be produced in association to live a moral life in the teeth with Michael Codron.

The Merry Wives of Windsor joins Stratford season

The Merry Wives of Windsor, their original roles are Sydney Bromley as Justice Shallow, Jeffery Dench as Master, Peter Evans James as Evans, and Derek Smith as Clues. Newcomers to the cast are Barbara Leigh-Hunt as Mistress Ford, and Laurence Pryor as Mistress Quickly. The Merry Wives of Windsor joins Henry V and Henry IV. This revival of the 1968-69 RSC production features most of the same leading actors, including Brinda Bruce as Mistress Page, Brewster Mason as Portia 1 and 2. All four productions, Falstaff, and Ian Richardson as Master Ford. Also returning in Stratford until December 20.



The grandeur and poetry of Titian

by DENYS SUTTON, Editor of Apollo



Titian: Perseus and Andromeda (Wallace Collection)

The English love of Titian dates from the days of Charles I, concluding volume of his us, had its origins in the work longer exist. He painted for the Mantuan court a celebrated series—*Danae* and the *Maid* for interpreting his classical subjects—*Danae* and the *Maid* for instance—in such a way as to give them relevance for his own time; his patrons, if they so desired could see in his canvases reflections of their own feelings.

Titian, who was born in Cadore, a most enchanting locality, came under the influence of Gentile Bellini.

The poetic side of Titian's series of Roman Emperors, of

nature found rich expression in which copies were made for the famous pictures he executed Philip II of Spain and the Emperor Ferdinand among others. Lodovico Dolce even said in 1557 that the *Emperors* have commissioned paintings for were so perfect that many people went to Mantua just to see them.

Federico da Montefeltro at Urbino and Gubbio and Isabella d'Este at Mantua. Much can be learnt about such decorative enterprises from the reconstruction of Isabella's studio with its paintings by Mantegna which Sylvie Béguin has arranged at the Louvre.

Titian undertook three paintings for Alfonso's studio—*Worship of Venus*, *Bacchus* and *Ariadne* and *Andromeda*—as well as repainting the landscape background in Bellini's *Feast of the Gods*. The subjects, which seem to have been suggested by Alfonso, are derived from classical authors—Catullus, Ovid and Philostratus—and show the "classical" artist, a love of violence also coloured his art, as is shown by the *Turkish and Lucretia* and the *Playing of Cards*.

The superb mythological paintings, which form the subject of this book, show the calibre of Titian's contribution to art—his fluency of handling, ability to suggest an illusion of space and atmosphere and gift for subtle and sonorous colour. One should remember too that such pictures were created at a time of trouble and, as Prof. Wethey observes, Titian "rarely knew a tranquil political existence."

Titian's virtuosity was also evident in the large mural battle scene which he painted for the Great Hall of the Ducal Palace in Venice, and which was destroyed by fire in 1577. Its appearance is known from an engraving and a drawing in the Louvre. Although the picture is usually said to represent the Battle of Cadore (1508), Prof. Wethey suggests in fact that it is about Philip of Spain and Titian. Philip's visit to Italy in 1548-49 was the major factor in his decision to become a collector and to select Titian as his favourite master. It was for his Spanish patron that Titian painted such famous pieces as *Perseus and Andromeda* (Wallace Collection) and the *Rape of Europa* (Fenway Court, Boston) which are technical masterpieces. Prof. Wethey considers that Titian saw the *Rape as High Comedy*, an interpretation surely open to discussion but he rightly notes the way in which its composition fore-shadows the Baroque.

Titian's relationship with Giorgione early on and worked alongside him on the frescoes at the Fondaco dei Tedeschi. The extent to which the two men collaborated has aroused much argument among historians and in particular controversy has ranged over the celebrated *Pastoral Concert* in the Louvre. Prof. Wethey considers that Giorgione laid out the composition and that Titian painted most of it.

Titian's relationship with Giorgione brought him into touch with some of the most

enchanting currents in Venetian art—the concept of areodan

artist, a portrait painter and a creator of complex mythologies and histories.

His ability to compose on a grand scale, while retaining his lyrical qualities, is shown in his treatment of the more familiar treasures of the National Gallery—*Bacchus and Ariadne*. This is one of the many compelling paintings discussed by Prof. E. H. Wethey in the third and final volume of his detailed catalogue of Titian's work (Phaidon, £30). The book and over the years many of the great 16th-century artist's paintings have come here. Not surprisingly, English writers were among the first to comment on his work. In 1629 Sir Abraham Hume published a volume on Titian's life and times and in 1777 another on the same theme was issued by Crowe and Cavaselle, which may still be read with profit. And in 1910, Charles Ricketts, painter, stage designer and critic, published a sensitive evaluation of the master.

Since then considerable research has been devoted to Titian, a powerful personality who enjoyed a long and prolific career. He made a large fortune, ending up by owning considerable property in Venice and on the mainland. Titian's versatility is astonishing: he shone in many directions, as a religious artist, a portrait painter and a creator of complex mythologies and histories.

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WORLD TRADE NEWS

Sheikh lays basis for new U.K.-Saudi agreement

By RICHARD JOHNS, MIDDLE EAST EDITOR

THIS BASIS for a far-reaching pact of the Bank of England and the kind of bilateral accord on economic and technical collaboration with Saudi Arabia is expected to be laid this week during the visit to London of Sheikh Hisham Naser, Minister of State and President of the Central Planning Organisation. Yesterday Sheikh Naser had a meeting with Mr. Harold Wilson, the Prime Minister, and also lunched with Mr. Peter Shore, Secretary of State for Trade, beginning four days of ministerial discussions aimed at working out a formal framework for British participation in the Kingdom's ambitious \$162bn. Five-Year Plan which is just about to be implemented.

To-morrow his programme includes sessions with Mr. Denis Healey, Chancellor of the Exchequer; Mr. Eric Varley, Secretary of State for Industry; Mr. Gordon Richardson, Governor

Pakistan fertiliser complex appraisal

By Iqbal Mirza

KARACHI, July 28.

A JOINT U.S.-Aid-World Bank Mission arrives in Rawalpindi to-morrow to make the preliminary appraisal of the Fauji Foundations' fertiliser plant to be built in Rahim Yar Khan district. Total investment in the project is estimated at \$240m. It would be the biggest fertiliser complex so far constructed in the country. Mr. Christopher J. Pratt, of the World Bank, will lead the four-member joint mission and hold discussions here for two days. The bank is likely to contribute \$60m., while Fauji Foundations participation would be on an equity basis.

Groundwork on the project is scheduled to start early next year. The complex, to be equipped with automatic control instrumentation, is expected to go into production by the end of 1978, based on natural gas.

Iran to seek cash on world markets

By ROBERT GRAHAM

TEHRAN, July 28.

INSTRUCTIONS HAVE gone out somewhat sooner than anticipated by some bankers here. Finance to all selected Government agencies and credit institutions authorising them where necessary to turn to the international market for finance. According to informed sources these instructions have been sent over the past two weeks.

Financial observers have been waiting for some time to see precisely when Iran would once again begin to look to the international market for funds. However, the instructions have come

Iran to seek cash on world markets

BY KENNETH RANDALL, AUSTRALIA CORRESPONDENT

CANBERRA, July 28.

THE AUSTRALIAN National Mr. Jones, the Transport Minister, the domestic and overseas has admitted to annual losses shipping business of the Australia of about \$A10.6m. (\$A38m.) in its government, appears to have general cargo coastal (domestic) operations to June 30. He mentioned the figure in defending the Line's decision to raise rates will not be offical until after parliament resumes on August 19, but from August 1.

ANL records heavy loss

BY KENNETH RANDALL, AUSTRALIA CORRESPONDENT

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All these bonds have been sold, this announcement appears as a matter of record only.

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AMERICAN NEWS

RELATIVES ALLEGUE 'KIDNAPPINGS OR ILLEGAL ARREST'

Concern for missing Chilean leftists

BY OUR FOREIGN STAFF

N. Zealand coal for Japan

By Our Own Correspondent

WELLINGTON. A contract to export 7,500 tons of New Zealand coal to Japan will probably be signed within the next two months. New Zealand expects to receive \$55 a ton for coal from the Mt. Davy field on the West Coast of the South Island, the 12-year contract would be worth \$N242m. New Zealand has stood out for its price, pointing out that the coal better-quality than the coking coal imported by Japan from Australia, from which the Japanese pay \$50 a ton. The Mt. Davy

French Government, of a low ash content and a fairly

high fixed carbon content. It has

been rated particularly suitable for Japan's steel industry.

CANBERRA. China has begun negotiating with Bouygues-Copper P.T. to buy copper supplies to current contract commitments. The talks follow a visit to China earlier this year by Sir Macl Kiki, Papua New Guinea's Minister for Foreign Relations and Trade. If the negotiations are successful, 5,000 tonnes trial shipment will be made in October.

Foreign investment and trade prospects being developed in Papua New Guinea have been increasing steadily as the country nears full independence. The Government says it is studying investment proposals worth Kina 500m. (\$180m.) (the kina is worth the same as the Australian dollar).

In addition, Mr. Bruce Jeffcott, the Natural Resources Minister, is negotiating a Kina 30m. (\$18m.) timber development with two South Korean companies, Hyundai Construction and Daewoo Enterprises.

KARACHI. Pakistan and the Soviet Union have signed an agreement—considered here as the largest supply contract in Pakistan's history—for technological equipment worth Rs.4.1m. (\$19.3m.) and construction materials worth Rs.1.09m. (\$51.4m.) for the Karachi steel mills from the Soviet Union. The agreement provides for the supply of 142,266 tons of steel mill equipment, 71,500 tons of steel structure, 104,000 tons of refractories, 114,000 tons of rolled steel, 18,650 tons of pipes and 5,000 tons of other material. All the equipment and materials will be delivered between 1975-80 to synchronise with the construction schedule of Karachi Steel Mills.

RANGOON. Britain will make a £2m. grant to Burma to buy UK equipment, spare parts and commodities needed for Burma's State-owned construction corporation, Electric Power Corporation and textile industries Corporation, and also for the Irrigation Department.

Procurement of goods will be under a contract to be concluded before December 1977, with British suppliers. Payment arrangements will be handled by Crown Agents.

According to the British Embassy here, this aid was originally pledged as an interest-free loan, but is now being given as an outright grant following the change in Britain's aid policy.

Contracts Abroad

INTERNATIONAL SYSTEMS & CONTROLS' Montreal-based subsidiary Studier Hunter has received contracts totalling \$250m. from Iran for the design, engineering procurement and construction management of a wood products industrial complex near Sari.

KOHERING, U.S. is to supply to the Algerian State-run water utility Societe Reun. machinery and equipment costing \$20m. for drilling water wells.

ALLIS-CHALMERS will build an iron ore pelletizing plant in the Ukraine at a cost of \$30m.

NISSHO-KWAI and FUJITSU, Japan, will supply a \$2.8m. microwave communications system to Liberia, with the Japanese Export-Import Bank financing the export.

Villalba, doyen of Santiago's diplomatic corps, saw officials at the Foreign Office last week and arrest of 26 more and denounced the disappearance of 16 others. According to informed sources the 115 constitute less than one-tenth of the total who have disappeared in all, which ousted the late President Pinochet in September 11, 1973.

The relatives of the 115, who are the tenth of the total who have disappeared in all, which ousted the late President Pinochet in September 11, 1973. To support their case, the relatives cite the name of Juan Carlos Peralta, Tadeo Allegre, who they allege, are victims of "multiple kidnappings or illegal arrests."

The petition, which names the 115 who are identified in the newspaper reports, was rejected on May 29 by the courts of appeal and on July 11 by the Supreme Court, although the Presidents of both courts were reportedly in favour of granting the request.

Newspaper reports have since denounced that moves by the judge who was killed in a shoot-out with Argentinian police at Salta in 1972, as "part of the terrorism campaign against Chile," claim that the "Militias," as members of MIR are known, were abroad, including in Argentina, Columbia, Venezuela, Mexico, Panama and France.

Monsignor Sotero Sanz de Brava, relatives of the missing failed to identify the personal documents attached

to the petition to the court to determine a judge to locate the missing, which could be given "a second chance to know the truth." We want to know if they are dead or alive. Some are in mourning, some keep up their hopes that they were seen alive two months ago.

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A spokesman for the Chilean Embassy in London said last month that the Chilean Foreign Office was aware of the contents of the Press reports but was awaiting confirmation from the Governments of Argentina and Brazil that those named were in fact members of MIR. He confirmed that the Chilean delegate had made inquiries about the 115, but he could not comment on the relative's allegations that they were being illegally held by the authorities in Chile.

Top Wall Street house halts research

By ADRIAN DICKS

WASHINGTON, July 28. THE FORD administration to-day formally withdrew its request to Congress for permission to set a \$350m. air defence system to Jordan. It was the second defeat within the space of a few days for the President and Dr. Henry Kissinger at the hands of a legislature apparently determined to use to the full its opportunities for leverage on foreign policy.

Following the President's suggestion last Friday of a modified plan for phasing out present price controls over a 39-month period, and imposing an eventual ceiling on domestic crudes of \$1.50 a barrel, there is now a good chance that the House of Representatives will not stand in his way.

Last week the House decisively defeated Mr. Ford's

George Brown, the Chairman of the Joint Chiefs of Staff, has said he believes that three batteries of Hawk would be enough for the defensive role King Hussein has said he needs the U.S. weaponry for.

If the administration now agreed to withdraw its request to Congress, there could be little doubt that it would have been defeated in at least one, and quite possibly both, chambers.

Only last week the Administration was humiliated by the House of Representatives, who led opposition to the sale of the arms embargo to Turkey, as a result of which the U.S. has now found itself being ordered off its own base in that country. Its decision to withdraw over the Jordan arms sale may also suggest that it wants to husband resources it can still muster.

The interval may leave time for both the U.S. and the Jordanian Government to consider the terms of the sale to try to overturn the Turkish attempt by Senator Case and Mr. Vito, rather than to take on the State Department to sell off Hawk batteries.

Attempts by Senator Case and other opponents of the deal have expressed the fear that the Hawk could in fact be used as a short-to-medium range offensive weapon against Israel, and that the administration has accepted nothing less than its original request.

The King has asked the U.S. for 14 batteries of the Hawk anti-aircraft missile system and about 100 batteries of Vulcan anti-aircraft guns and Redeye light missiles. It is understood that the administration is withdrawing only the request for the Hawk batteries, and not for the Vulcan and Redeye.

Senator Case and other opponents of the deal have expressed the fear that the Hawk could in fact be used as a short-to-medium range offensive weapon against Israel, and that the administration has accepted nothing less than its original request.

Friday in a little-noticed move to extend arms credits to Israel, due to expire this December 31, it was so deployed. The action came to light to day when details of the conference East might be seriously upset. In committee report were made

support of this view. General public.

Ford move on car pollution

PRESIDENT FORD sent to Congress today a proposal to continue present automobile emission standards through 1981, instead of toughening them sharply in 1978 as required by present law.

Mr. Ford's legislative draft amounted to a rejection of environmental protection legislation by Russell Train for postponement of the 1978 standards until 1982, with partial tightening of controls in between. The White House issued a statement saying the new rules will be applied over the past five years.

AP, DJ.

Airship plan to NASA

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOODYEAR Aerospace Corporation of the U.S., whose airship Europa is at present on a tour of the U.K., has submitted plans for big airships for the U.S. National Aeronautics and Space Administration. NASA proposes two large craft of different types.

Goodyear has already built NASA is still a long way from starting any airship programme, however, it has sought studies from manufacturers and will study these before drawing up its own report, which will consider such reduced costs as well as feasibility.

and that the present recession will be judged by history to be no more than a hiccup. I cannot accept that man's consumption of oil and need for raw materials and manufactured goods is going into a permanent decline. In my view it is only a matter of time before all the available ships will be required to transport the needs of mankind.

Only time will tell whether or not some of our older tankers will ever sail again, but I am sure that we are in as good a position as others with our SDIAs and 140,000-ton tankers to take advantage of the upturn when it comes, for they are, in my opinion, the right size ships to have and have acquired at prices far below their current replacement cost.

We must be thankful that we are in a position to minimise losses by laying-up ships and prepare for a year or two of inactivity. Our need today is for strong reserves and strong nerves. We have the former and, I believe, the latter.

Our resources must be conserved until better times and in this connection I make no promise of a dividend next year. We shall seek every opportunity, however unorthodox, to improve our position and keep under day-to-day surveillance changing conditions affecting our business.

One must pin one's hopes on a conviction that the world and living standards are going forward.

8 BALFOUR PLACE, PARK LANE, LONDON, W.1.

Copies of the Annual Report for the year to 31st March, 1975 and the full text of the Statement by the Chairman, Mr. Basil Mervyn, of which the above is an extract, may be obtained from the Secretary.

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EUROPEAN NEWS

U.S. arms ban 'insufficient cause' to abrogate treaty

BY METIN MUNIR

THE U.S. has told the Turkish Government that it does not accept the arms embargo as a valid cause for Turkey to declare invalid the 1969 Turkish-American Joint Defence Co-operation Agreement, U.S. diplomatic sources said today.

This view was contained in a Note delivered yesterday by U.S. Ambassador William Macomber to the Turkish Foreign Ministry.

The Note conceded that the embargo, which was imposed by U.S. Congress last February and firmly upheld by the House of Representatives last week, called for adjustments to be made in the Turkish-U.S. military relationship. However, this should be done not unilaterally but through negotiations to which the U.S. Administration hopes

Turkey will agree. The U.S. said the Note according to diplomatic sources considered itself bound by the 1969 agreement. However, it would respect the Turkish Government's decision to halt the activities of U.S. bases in Turkey.

Turkish Prime Minister Suleyman Demirel's Right-wing coalition Government reacted to the embargo last Friday with two decisions: to declare the 1969 agreement invalid and to order a halt to the activities of all but one of the 27 U.S. bases here.

The exception is the strategic Incirlik airbase in the Southeast, where the U.S. has nuclear-arming Phantom aircraft. This base would continue operating strictly for Nato purposes. Turkish military teams of up

ANKARA, July 28.

to 15 people to-day began to take over the "control and supervision" of the bases. The take-over is expected to be completed tomorrow, the U.S. diplomatic sources said. The bases have stopped all operational activities, but U.S. troops continued to remain in base, and administrative work was continuing.

The sources added that JUSMINT, the U.S. military aid mission to Turkey, was to-day ordered to evacuate the building it was allocated by the Turkish military in Ankara.

Reuter reports from Bonn: West German Foreign Minister Hans-Dietrich Genscher VIII is ready to mediate between the U.S. and Turkey at his week's European Security Conference "summit" in Helsinki, informed Government sources said to-day.

70 Turkish Cypriots go North

BY OUR OWN CORRESPONDENT

ABOUT 70 Turkish Cypriot leaders now agree to cross to the Turkish-held part of the island from Southern Cyprus to-day as foreign diplomats speculated that the Greek Cypriot side would ultimately have to consent to the transfer to the North of the entire Turkish population of about 9,000 still living in south.

The Turks allowed to travel north to-day came mainly from the Paphos area and were students, Turkish nationals, sick or pregnant women and stranded families. In return, the Turks freed nine Greek Cypriots abducted by Turkish troops over the past three months. The foreign diplomats said

to allow an equal number of Greek Cypriot refugees (out of the total of 182,000) to return to their homes, but the diplomats said the chances of the Turks making any other concession at the talks were extremely remote, especially now that the Turkish stand has hardened further, following the cut-off of American military aid.

President Makarios, who left to-day for Helsinki to attend the European security summit, said he did not expect any progress at the transfer of the Turks residing in the South is expected to come up in the new round of Cyprus talks between Mr. Giakatos Clerides and Mr. Rauf Denktash in Vienna on Thursday. In the past the Turks offered

NICOSIA, July 28.

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Demirel, in Helsinki. Reuter

EEC plan to sell food to Egypt

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

THE BRUSSELS Commission to-day confirmed that it is on the verge of concluding negotiations for a major sale of EEC surplus foodstuffs to Egypt. Commission officials said Cairo estimates that the deal would cost Egypt around \$250m. were on the right lines, but stressed that the final sum would depend on future Community and world food price levels.

Conscious of the outcry over cut price sales of EEC butter to the Soviet Union two years ago, the Commission to-day stressed the deal would involve no extra cost to the Community budget. The food would be sold at the EEC intervention price, fission. Other countries that expensively stored, they added.

or at world price levels if these have been approached include lower, with the normal Algeria and Saudi Arabia export rebate.

Final details of the Egyptian deal would involve 1m. deal, including the length of tonnes of wheat, 75,000 tonnes of sugar, 13,000 tonnes of dairy products, 10,000 tonnes of vegetable butter and 20,000 tonnes of milk powder. Half of the milk would ask the nine governments to be a gift, and the to approve the sale in the form rest of the food would be of a special trade agreement delivered over the next one to between the EEC and Egypt.

The actual sales would be organised by private traders, Hungarians see room for improvement in relations in trade, culture, science and international cooperation generally.

There is no prospect of visit producing a Declaration of Friendship similar to that signed between Britain and Poland—but at the same time to dispose of what would otherwise have to be bought into intervention and gas imports and exports, following approval of the idea by the Council of Ministers.

BRUSSELS, July 28.

Energy information sought

BY OUR OWN CORRESPONDENT

THE EEC Commission is asking the Nine member states to give it more detailed advance information of their investment plans in the energy sector. The Commission, in its Note, said it wants to be told about investments in nuclear power stations, high tension electric cables and desulphurisation in oil refineries five years before work begins.

Brussels is not claiming the right to veto investment plans.

The Commission also said it simply wanted to have a clearer picture of developments in the electrical industry so as to help it in its efforts to promote the common EEC energy policy. At the same time the Commission intended to encourage the development of new techniques for prospecting, exploiting, storing and transporting oil and gas.

BRUSSELS, July 28.

Sweden 'may have to boost demand'

BY ROBERT MAUTHNER

ADDITIONAL measures to of continued high rates of inflation may be necessary to maintain satisfactory measures might help to restrain the pernicious effects of the wages-prices spiral.

However, the OECD, with its usual sense of extreme caution, warns the Swedish authorities to take immediate action to take further stimulatory measures may be premature. The fact that Sweden is able to act quickly if need be and makes it easier to defer any important policy decisions until it is possible to get a clearer idea of the prospective slowdown of activity.

In this context, the report points out, the balance of payments situation has become a major constraint on economic policy making. Official foreign

policy, and employment are also less optimistic. The development of exports may be particularly weak, the report warns. In order to reduce the danger

PARIS, July 28.

This announcement appears as a matter of record only.

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Callaghan calls for mutual force cuts

BUDAPEST, July 28.

JAMES Callaghan gave a forceful warning in a speech here to-night that the level of military confrontation in Europe must be reduced if detente was to succeed.

"Security is not just a matter of words at Helsinki but of deeds, including deeds in the military sphere," he said. "If we can make a further agreement which would preserve the security of the parties while lowering the level of force, we would all be able to sleep more soundly in our beds," he said at a dinner given by Mr. Frigyes Pujta, the Hungarian Foreign Minister. "We must not allow the opportunity to slip. Our children's future is at stake." Mr. Callaghan said.

Mr. Callaghan also put the case for a free movement of people and ideas across Europe, a major aim of Western nations at the European Security Conference which the Warsaw Pact nations accepted with reluctance.

He said detente would not flourish "if the people whom we represent see no benefit for themselves in what we are doing."

Detente will flourish best when it affects the everyday lives of individuals for the better, whether they are businessmen pursuing contracts in each other's countries, scientists wishing to exchange views with their colleagues, or simply private citizens who wish to travel and to learn about other countries, to marry or to join their families," he said.

"There is a human dimension to our work," Mr. Callaghan said. "Detente is about people, as well as political and military security, which is the proper concern of governments."

David Lascelles adds: Mr. Callaghan is in Budapest for two days of talks with Hungarian leaders before flying on to Helsinki for the security conference "summit." He immediately began talks with Mr. Pujta and is to meet Communist Party Secretary Janos Kadar and Deputy Premier Gyorgyi Aczel.

This is Mr. Callaghan's second trip to East Europe this month—he was in Poland two weeks ago—and it marks the gradual intensification of Britain's relations with that part of the world. The Hungarian visit will be lower key than the Polish one. Britain and Hungary do not have the same traditional links. And, as the Government newspaper Magyar Hirszap noted to-day, the deal forms part of wider Community attempts to negotiate long-term agricultural contracts with the Arab countries—available, officials said. The aim is both to strengthen the links with the Arab world and Community money, as the food available to the Arab world would otherwise have to be bought into intervention and gas imports and exports, following approval of the idea by the Council of Ministers.

On arrival to-day Mr. Callaghan told reporters that he would be pressing for troop reductions in Europe during his talks. "Helsinki agreements are the achievement of 1973, and the task for 1976 is to redraft armaments in Europe," he said.

For their part the Hungarians are expected to protest about the EEC's commercial policies which have deprived them of large sales of agricultural produce. "And though bilateral trade is increasing, they are known to want to increase their exports to Britain to remedy their deteriorating foreign trade position.

Ford finds detente flourishing

VARSAW, July 28.

A JOSE AXELAND, the US Ambassador to Poland, said to-day that the US and Polish leaders eager to strengthen already friendly relations with the United States.

Communist Party leader Edward Gierek, saying that the doors of Warsaw were wide open for the President, welcomed him at the airport on his arrival from Bonn.

Mr. Gierek stressed the need for East-West co-operation to avoid war, recalling the destruction of Warsaw by the Nazis as an experience that must not happen anywhere again. His remarks underlined the importance of Warsaw Pact countries to the European Security Conference.

The Soviet Union's forecasts anticipated a more depressed foreign trade picture in the current year than assumed by the Swedish authorities, and predictions for demand, output and employment are also less optimistic. The development of exports may be particularly weak, the report warns.

In this context, the report points out, the balance of payments situation has become a major constraint on economic policy making. Official foreign

policy, and employment are also less optimistic. The development of exports may be particularly weak, the report warns.

ITALIAN POLITICS

Battle for the middle ground

BY ANTHONY ROBINSON, ROME CORRESPONDENT

AFTER EIGHT days of Machiavellian negotiations in the corridors and smoke-filled rooms of Palazzo Strozzi, Christian Democrat party headquarters in Rome, the party has proposed its former leader Amintore Fanfani chosen in these elections demonstrated little known Benito Zaccagnini to replace him and dealt a severe and possibly irreparable blow at its own standing and prestige in the country, even though this implied the risk of losing much of its substantial working class support.

By reacting to the widespread Left-wing gains at the June 15 regional elections with a ruthless internal power struggle, the party has confirmed the worst side of its public image and contributed to breaking down still further the political and psychological barriers to the eventual entry of the Italian Communist Party into the Italian political system.

Gaining power in Italy does not mean a straight

take over with the sole government party with all the others in opposition. Even though there is now a very real possibility that the Communist Party will emerge from the next general elections, scheduled for spring 1977, as the largest single party, it is inconceivable that alone it would achieve anything near 50 per cent of the votes. On the basis of the regional election results Communists and Socialists together with the CDI extreme left parties gained 47 per cent. A further advance at the next elections could well create a majority for the left-wing parties. But, in the light of the Chilean experience, the Communist Party has made clear that it would be too risky and too difficult for a left-wing coalition to come to power with only a bare majority and its whole strategy is aimed at forming a broad alliance of Communists, Socialists and Catholics in which the PCI would have a dominant but not exclusive role.

In spite of its increased electoral support and prestige therefore the Communist Party is still looking for some form of "historical compromise" and to achieve this is looking to the Christian Democrat Party to abandon its former anti-Communist line, isolate its right-wing and decide on a new political line which would allow the internal divisions within the CDI party to finally result in a rupture of the party's formal unity as a composite, inter-class alliance of political forces in Italy.

But this vision of a party

totally destined to press on to

wards a frontal clash with the

Communist Party is one which

meets strong opposition not only

from the two Left-wing factions,

which together command around

20 per cent of the internal votes

within the party, but also the

name of party unity during

the regional election campaign

as well. Indeed, as Sig. Fanfani

never tires of pointing out, some

of the very men who led the

revolt against him at the current

national council meeting openly

supported him until June 13.

Indeed, and foremost among these

Sig. Fanfani's friends, the leading

Doroteo who was the front line

candidate for the succession

before being shouldered aside at

the weekend by Sig. Zaccagnini.

Having discarded with Sig.

Fanfani's Right-wing strategy,

the party now faces the task of

re-establishing its support among

the working and middle classes

among housewives, businessmen

and its other traditional sup-

porters who have succumbed to

the blandishments of an increas-

ingly revisionist Communist

Party and shown their impatience

with the corruption, inefficiency

and endless factional infighting

of the Christian Democrats.

To do this it needs above all to

re-establish a working relation-

ship with the Socialist Party, its

principal ally in the 12 years of

Centre-Left coalition Govern-

ments which have governed Italy,

with intervals, since 1963. But

as Mr. Moro recognised in his

keynote speech at the National

Council meeting, the Centre-Left

is dead and cannot be resurrected.

The truth of this has been

underlined by the way in which

OVERSEAS NEWS

'No more concessions over Sinai'—Peres

By RICHARD JOHNS.

TOUGH ISRAELI opposition to political context. As a member of the Rafi section of the ruling Labour Alignment, he has been still continuing diplomatic manoeuvres aimed at securing an agreement with Egypt in Sinai as clearly split out yesterday by Shimon Peres, Israel Minister of Defence.

In an interview with the newspaper Ha'aretz, he said that proposals made by Israel to pull back almost to the eastern end of the Sinai passes and surrender of its oil fields amounted to a final offer.

"We have gone far, very far, and it's almost been made clear that our proposals are the last ones. And it's hard to imagine that there will be withdrawal from this." He added that "we have proved that we are ready to give territory, but we are not ready to accept dictates."

In the current—and counter-productive—spate of diplomacy by public pronouncements, Mr. Peres' utterances should be interpreted within the Israeli internal

summit this week—and similar resolutions which may result from the conference of non-aligned countries in Lima next month could have a fatal effect on the Israeli electorate, paralysing Mr. Yitzhak Rabin, Prime Minister, in his dealings with the U.S. Administration and cementing the impasse.

At the same time, however, it was stressed yesterday in Israeli diplomatic circles that new moves to isolate the Jewish State in the international community would make a further disengagement very much harder to achieve. In particular, they were referring to the adoption by foreign ministers of the Organisation of African Unity of a resolution to suspend Israel from membership of the UN.

The message from Israeli quarters is that such moves by the OAU—whose ministerial clashes and national strife resolution is to be submitted to throughout April, May and June.

Suspend Israel'

KAMPALA, July 28.

THE ORGANISATION of African Unity ministerial meeting for the first time in its 12-year history voted early today for Israel's suspension from the United Nations, but the resolution fell short of Arab expectations.

Arab member states in the 46-nation organisation, represented by the Foreign Ministers of all 12 member states, voted in favour of a resolution to withdraw from the UN unless Israel complied with UN resolutions on the Middle East.

A passage calling for an African boycott of Israel on the lines of the Arab boycott at the time of the 1973 Middle East war was dropped, separate resolution on Palestine calling for outright expulsion of Israel from the UN was referred to the OAU summit opening later today after the Ministerial conference failed to agree on it.

All Blacks' tour on

BY DAI HAYWARD

WELLINGTON, July 28.

THE NEW ZEALAND All Blacks' rugby tour of South Africa will go ahead next year despite a personal plea from Prime Minister Wallace Rowling to the New Zealand Rugby Union to abandon it.

During discussions held at the Prime Minister's request, Mr. Rowling outlined in detail the New Zealand Government's attitude to sporting tours of South Africa.

He also asked the rugby union to consider the Government's belief that apartheid is immoral.

SECESSIONIST STRAINS IN MALAYSIA**Tackling Tun Mustapha**

BY WONG SULONG, IN KUALA LUMPUR

ATTEMPTS by the Malaysian federal government to oust Tun Mustapha, the colourful and controversial chief minister of the East Malaysian state of Sabah, have brought an all-time low in relations between the state and central government since the formation of the federation some 12 years ago, and brings to the public eye a once tabooed subject: secession.

Political intrigues are still going on, and although state elections are not due until October next year, it is likely that the new Kuala Lumpur-backed Berjaya Party in Sabah will not want to wait so long to have a second round of battle with Tun Mustapha.

But as the situation stands, the Prime Minister, Tun Abdul Razak, is now left with the prospect of having a very bitter chief minister in Sabah, and, in the longer view, an even more delicate problem in Sarawak where there is a strong and growing movement for greater state autonomy.

Tun Mustapha's threats of secession were the last straw which convinced Tun Razak that the chief minister had gone too far and had to be removed.

As the Kuala Lumpur side of the story goes, Tun Mustapha, after failing to push through his demand from the Federal Government that Sabah be given the unrestricted right to raise loans on the international market, summoned a meeting on April 25 in Kuala Lumpur with state capitol where he argued why it would be better for Sabah (and by implication Sarawak too) to get out of Malaysia.

Among those at the meeting were the Sarawak chief minister, Dato Rahman Yakub, and the former Malaysian Prime Minister, Tunku Abdul Rahman, who represented the Federal Government.

Dato Rahman apparently remained silent throughout the meeting while the Tunku, who was the principal architect of the Malaysian Federation, made an impassioned appeal for patience, tolerance and the need to stay on as one nation. The meeting ended with Mustapha as the only one wanting secession.

Tun Mustapha has ruled Sabah almost single-handed for the past eight years, and his authoritarian and erratic style of government and extravagant personal indulgence have often embarrassed the Federal Government, which until now had tolerated him because of his solid support for Federal Government policies.

He rose from humble beginnings: he started as a house boy with one of the British residents and showed signs of leadership as a guerrilla fighter leaving the party now with several two states.

He was cultivated by both the 32 state assemblies. British and Kuala Lumpur authorities as a Sabah leader as foreigners have tended to seek malaysians between east and west Malaysia and the situation between East and West Pakistan.

Conscious of this, the Malaysian Government has officially changed the description of West and East Malaysia to Peninsular Malaysia and Sabah and Sarawak.

Like Pakistan before Bangladesh, Malaysia is an accident of history; the two wings are separated by the South China Sea, and the cultures of the two wings are different. The average Sabahan and Sarawakian resent the "big brother" attitude of the West Malaysians.

But such parallels, which can be self-evident, do not necessarily have already left the ruling Sabah Alliance Party (SAP) and Tun Fuad's resignation is expected to be followed by further defections to Berjaya, which is calling for the chief minister's resignation. Opposition leaders claim that at least 13 of the 32-member state assembly have joined their party. Reuter.

Mustapha's real break with Tun Razak came last August when he asked for a federal loan to be given to Sabah, which was given to him, but which he rejected at the last minute. Since then, the two leaders have seldom met.

In choosing to have an open confrontation with Mustapha now, Tun Razak has timed things well: the Prime Minister himself is in complete control of the country and his own party, UMNO, and his government's overwhelming majority in the federal parliament makes the 16 Sabah votes, so indispensable during the constitutional crisis following the aftermath of the 1969 racial riots, now expendable.

On the other hand, Mustapha is having trouble with the state's economy because of depressed prices of the state's major export, timber, and it is a well-known fact that the state's treasury is virtually bankrupt.

But the Berjaya Party leaders failed to do sufficient ground work before the coup, and were not far enough in capital cities on Mustapha's absence from the country to win over the required majority among the state's assemblymen to oust him through a vote of no confidence.

As it turned out, Tun Mustapha, on his return to Kota Kinabalu, swiftly and effortlessly reasserted his authority, and carrying out a tolerable road map to the dubious task of re-establishing his coalition against very hostile geographical environment in these two states have made tremendous economic and social progress—the number of students has doubled; the declining death rates attest to a much improved health system, while millions of Malians, who form more than half of the Peninsular Malaysian population, are only a small minority in East Malaysia are prepared to risk the principle of Malayan racial unity and political supremacy—which they equate with racial survival) and accept the fact that in the long run course of events, the principal threat to the dominant political control of East Malaysia would rest on the non-Muslim Iban and Kadazan, who form the biggest racial grouping in Sarawak and Sabah respectively.

The second point is whether those living in the eastern states are prepared to stop shouting such slogans as "Sabah for the Sarawakians" and "Sabah for the Sabahans."

Miki may stake his career on welfare

By PETER DUNNING

TOKYO, July 28. MR. TAKEO MIKI may be preparing to stake his political career on welfare, diplomatic observers believe after a week-end speech in which the Prime Minister proposed a four-part cradle to grave programme, even partial fulfilment of which could greatly affect the lives of most Japanese.

Mr. Miki unveiled what he called his "life-cycle programme" at a party fund-raising function in Sapporo, declaring himself (and ostensibly the Government) in favour of free medical treatment, increased state services, a state budget with a deficit which totalled about £140m. (223m.)

Endorsement of the budget for 1975 was also three months overdue because of the factional

dispute over the age of retirement.

For the first time in Lebanon's 12 years of independence, Parliament has scheduled to-morrow to discuss draft laws submitted by the Cabinet of Mr. Rashid Karami aimed at ensuring new sources of income to meet a large budget deficit.

In the international community there was isolation of the Jewish State in the international community would make a further disengagement very much harder to achieve.

In particular, they were referring to the adoption by foreign ministers of the Organisation of African Unity of a resolution to suspend Israel from membership of the UN.

The message from Israeli quarters is that such moves by the OAU—whose ministerial clashes and national strife

LABOUR NEWS

Non-redundancy strategy sought for British Rail

By JOHN WYLES, LABOUR REPORTER

TOP-LEVEL

meeting of British Rail management and senior union leaders is due to-day to try and devise a strategy for attacking the railways' large financial losses that will not involve forced redundancies.

With public financial support for the railways running at £39m. for last year and likely to rise to well-over £400m. this year, BR will be proposing a range of cost-cutting measures some of which could run into strong opposition from the unions.

This is because the rail unions increasingly regard themselves as the last line of defence for a railway system which they claim is being starved of investment and whose potential has

been underappreciated by a series of Governments.

The National Union of Railways and Transport Workers, which has been maintaining its pressure on the Government to devise an integrated transport system that will shift resources and traffic from road to rail.

The union's annual conference, which is likely to agree to reductions in main line passenger services but might oppose plans for closing "lightly used" lines which were hinted at last week by Mr. Richard Marsh, BR chairman.

Any reduction of services will be closely scrutinised by national executive committee and urging miners to vote "no" in the national ballot on the policy, which miners' leaders in Yorkshire and Kent have also urged their members to vote "no".

Mr. Peter Heathfield, secretary of Derbyshire NUM, said after yesterday's council meeting that delegates had overwhelmingly deplored the action of national executive committee in supporting the Government's pay ceiling.

We fear that miners may become the victims of a policy that in the end is doomed to failure. If accepted, it would mean a very substantial reduction in the miners' standard of living in the next 12 months.

• Leaders of Nottinghamshire's 25,000 miners did not advise them how they should vote in the pay ballot.

The decision appeared to stem partly from resistance to a Left-wing move to commit the area leadership against the policy. "There is no doubt that Nottinghamshire men will support their union's national executive," Mr. Len Martin, area secretary, said.

Split opens in Civil Service unions

BY OUR LABOUR REPORTER

A SPLIT

opened yesterday between Britain's two largest Civil Service unions over their attitude to the £6 pay limit when the 100,000-member Institution of Professional Civil Servants agreed to back the Government's anti-inflation pay policy.

The decision by the IPCS, which is not a member of the TUC, came only two days after the biggest Civil Service union, the Left-wing Civil and Public Services Association, roundly condemned the Government's anti-inflation White Paper as "an extreme attack on workers' living standards" and pledged to vote against it at September's annual TUC Congress.

This division among the Civil Service unions is likely to work to the Government's favour to the extent that opponents of the £6 policy will be unable to win the necessary two-thirds majority to make their opposition official.

Despite their criticisms, IPCS leaders had decided to back the policy "because we are greatly concerned by the rate of inflation and the danger of savage cuts in public expenditure."

His executive had reservations about aspects of the policy because "our members will be hit hard by the pay clampdown."

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Officially, the Civil Service unions are likely to accept the suspension of their normal pay rises as early as

next year, which should be based on a series of comparisons with salaries paid in outside industry.

The acceptance of the £6 policy will be in the face of the CPSA's hostility and that of the 65,000-member Society of Civil Servants, which is worried about the effect of flat-rate payments on differentials and incremental payments.

In an apparent side swipe at the dissenting Civil Service unions, Mr. Bill McCull, IPCS general secretary, said after the meeting of his national executive yesterday that it was essential to back the Government's anti-inflation pay policy.

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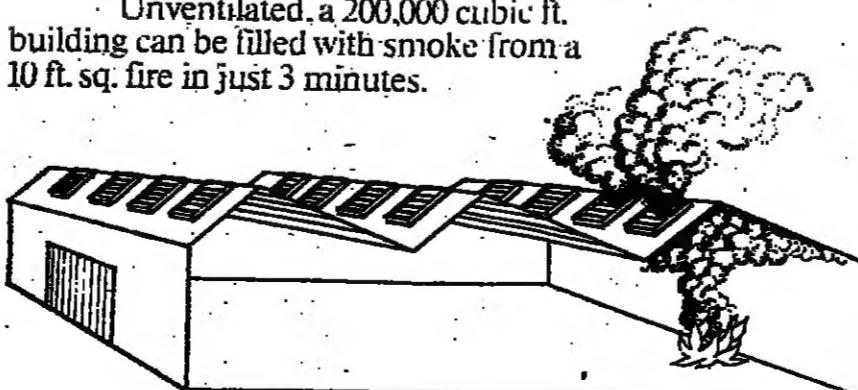
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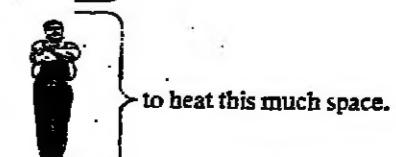
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HOME NEWS

Airline policy review will be fiercely argued

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE PRELIMINARY results of Mr. Shore's accordingly initial review last year, and a any major revision of the policy civil aviation policy review are expected to be announced soon by the Government's long-standing private report prepared by civil servants. No details of its contents have been disclosed and only limited consultations with the airlines have been taking place in recent weeks, although many written submissions have also been made.

The review was designed to update the policy guidelines given to the Civil Aviation Authority by the previous Conservative Government, which tended to favour the expansion of the independent airline sector, and in particular the development of British Caledonian as the "second force" flag airline.

Many in the Labour Party objected to these guidelines, especially because British Airways had some of its best routes taken from it and given to BA. Labour said that, whenever restored to power, it would seek to redress this situation.

Airlines seek domestic fare rises

By Michael Donne

AIRLINES flying internal air routes have asked the Civil Aviation Authority for permission to put up their fares by amounts ranging between 10 and 15 per cent from November 1.

It will be the third major fares rise on the routes this year. Fares on many internal routes rose by 7.5 to 15 per cent on January 1, and again by 10 to 15 per cent on April 1. Now, as then, inflation and, particularly, the cost of fuel, wages and salaries, and landing fees are being cited as the cause.

The effect of the rises, if approved, is that single rates on the domestic trunk routes between London and Glasgow, Edinburgh and Belfast will rise by £2 to £2.25, with the tourist one-way off-peak rate rising from the present £13 to £14.50, and the first-class, one-way rate rising from £2.50 to £3.25.

In all, 12 airlines are involved, including British Airways and British Caledonian.

British Caledonian's application varies from the others. In that it is also asking for a one-way instant return rate of £2.50 for the introduction of a £2.50 winter week-end "instant purchase excursion return" rate of £2.50 between Gatwick and Glasgow/Edinburgh, and for a winter week-end instant purchase excursion return rate of £20 between Gatwick and Manchester.

The airlines are also asking for 20 per cent rises in fares on the routes between London and Birmingham, Blackpool and Manchester, and between Exeter and Southampton.

For other routes, the basic increase sought is 10 per cent, with some exceptions where 15 per cent is requested, such as Scottish internal routes, and those to and from the Channel Isles.

BP reviews ship needs

BRITISH Petroleum is advancing the date of disposal of about 20 of its older and smaller ships totalling some 20m. deadweight tons—about 5 per cent of the group's carrying capacity—after a review of tanker requirements over the next five years.

Miss the Heathrow traffic instead of your plane

We're sorry, but it's only fair to warn you that essential building and roadworks involved in the construction of the new Piccadilly Line underground link could delay traffic and parking at the airport over the holiday period.

So please don't come by car if you can avoid it. You'll be better off catching an airline coach from a town terminal, a London Transport bus (82, 105, 140, 223, 285 or A1 Express from Hounslow West), a Green Line coach 724 or 727, or British Rail air-link coaches from Feltham, Reading or Woking stations.

Meanwhile we're improving the airport as fast as we can. Have a good holiday.

British Airports Authority

Law Society protests against Land Bill

By A. H. Herman

THE LAW SOCIETY has joined Justice and other organisations in a protest against the Community Land Bill.

In a memorandum addressed to Mr. Anthony Crosland, Environment Secretary, and published yesterday, the society says that the political purposes of the Bill cannot justify such a major encroachment upon individual rights as are proposed in it.

The Law Society believes that if adopted the Bill would create legal uncertainty and open the door to arbitrary decisions and abuse of powers.

As an example, the memorandum describes the position in which the Bill would put a man who bought a small plot of land on which he intended ultimate to build a retirement bungalow, in difficulty—and the land could be taken from him at a price related to its agricultural value, for a purpose which could not be foreseen on the basis of the local development plan.

Obligation

Even if the owner could discover his or her purpose for which the land was required he would have no right to challenge the necessity or expediency of the move and he could not demand a hearing, public or private.

Finally, if the inquiring authority changed its intention it could dispose of the land and sell it to the highest or most favoured bidder without first offering it to the previous owner.

The memorandum complains that the Bill would relieve the authority of any obligation to specify the purpose for which land is being acquired. It may refuse planning permission on the ground that the land is not suitable for development, but nevertheless proceed to acquire that very land for "relevant development."

Safeguards

The definition of what is "relevant development" is not in the Bill and is left to be formulated by regulation not even subject to positive approval of Parliament, though it could, of course, be annulled by a negative vote.

In the Law Society's view the Bill, if enacted, would create the temptation for local authorities to use the new powers under safeguards are already available under existing legislation. In this way they could find a way to escape the safeguards.

The Law Society argues that the existing planning structure is capable of control over the development of land and that planning decisions should be made in a quasi-judicial manner. The changes proposed by the Bill would erode public confidence in the planning authorities built up over the past 25 years.

Varley hears views of motorcycle men

By Peter Cartwright, MIDLANDS CORRESPONDENT

SHOP STEWARDS and managers of the motor-cycle industry yesterday met to put their individual views on its future to Mr. Eric Varley, Industry Secretary, and Mr. Gerald Kaufman, M.P. Parliamentary Under-Secretary.

Mr. Varley and Mr. Kaufman will now consult their Cabinet and departmental colleagues to decide what form—if any—help for the ailing industry should be recommended to the Cabinet, which has the final voice.

Mr. Varley has promised to make a statement to the Commons before the recess on August 8.

He now has to consider the reactions of the producers—Norton Villiers Triumph (with two factories) and the Meriden Workers Co-operative—the unions and N.V.T. stewards to the consultants' survey commissioned by the Department of Industry.

This rather bleak document traces the retreat of the U.K. motor-cycle industry over 15 years from one sector after another in the face of aggressive Japanese competition until it has been left only with "super-bikes" and its main market in America under sustained attack.

Toyota Land Cruiser for U.K. market

THE TOYOTA Land Cruiser, main competitor to British Leyland's highly profitable Land Rover in many overseas markets, is to be imported into the U.K. He Land Cruiser, was first launched in 1962, only four years after the Land Rover, and has since been exported to 115 countries. It has been particularly successful in Africa, the Middle East, Australia and North America, and has been used to spearhead Toyota's car export drive in many countries.

Toyota is aiming to sell 600 to 700 Land Cruisers a year through 80 distributors in Britain, where it is the second largest Japanese car importer. The timing of the launch has been dictated by the expansion of production facilities in Japan, but it comes when British Leyland is pouring all its effort into making Land Rovers.

Prices will be £4,179 for the station wagon (compared with £3,829 for the Land Rover), and £3,216 for the pickup.

IN BRIEF

Salaries slacken

Increase rate of office salaries was slackening, the Alfred Marks Bureau said. The average salary of all office staff in Central London reached £2,130 during March-May, compared with £2,152 during the previous three months.

Architects confer

Lord Pannavandy opened the annual conference of the Royal Institute of British Architects, held jointly this year with the Civic Trust, of which he is President. The conference, attended by 300 architects, lasts for three days.

Equality call

Men and women should be treated equally in respect of retirement and pensions, the Institute of Personnel and Management said in evidence to the Occupational Pensions Board.

Nuclear waste

Nuclear power stations may produce about 150 cubic metres of highly active liquid nuclear waste over the next 15 years, MPs were told by Mr. Anthony Wedgwood Benn, Energy Secretary.

IRA cleared

Mr. Merlin Rees, Ulster Secretary, was told by his security advisers that they accepted the Provisional IRA's claim that it was not responsible for the death of a policeman at Dungiven, Co. Londonderry, at the weekend.

So you won't see the join

BY RHYS DAVID

• NEWS ANALYSIS — TEXTILE MACHINERY

FOR textile machinery manufacturers around the world the international exhibition in Milan, held every four years, features new ways of satisfying the world's demand for textile products more cheaply, more quickly and more efficiently.

Before this year's show, in October—and of added significance given the expected strong record in recent years have otherwise been very different, Scragg's profits last year of £2.96m. were still less than half those reported in 1969 of more than £6m. And in the first half of the present year the company is reporting a loss, following a 50 per cent drop in turnover to £10m.

The fortunes of Scragg, which lost its chairman, Mr. Philip Stoddart, and another director, son of the same name, in two separate car crashes last autumn, have risen and fallen in line with those of the double-jersey industry, which is a major consumer of textured yarns. The result of mushroom growth of double-jersey.

Scragg's strength has been in the manufacture of machinery for texturing continuous filament yarns—the process that gives handle to the extruded fibre produced by putting a crimp into it. This also happens to be an area where PSL has been seeking to increase its involvement through development of its Kosmotex texturising equipment.

Thus although Scragg has

been trying to break into an area of spinning, including advanced draw machinery, which has been able to provide new outlets for Platt's textrising equipment for use by the fibre producers, it has been unable to avoid the cyclical nature of the textile business.

Scragg is not the only machinery manufacturer which has been affected. A leading knitting machinery manufacturer, Stoddart, went into liquidation last autumn and within the last week companies in the Leicester-based Bentley group, the world's biggest knitting machinery manufacturer, have been forced to announce cutbacks in the labour force and in the working week.

Platt Saco Lowell, in addition to operating in a different, less volatile area, has had the advantage of being part of a wider group less exposed to the textile cycle. Textile machinery sales accounted for £5.6m. out of Platt's total sales last year of £11.5m. with marine engineering, pumps and electrical equipment accounting for the rest.

The company already a major supplier of conventional ring-spinning equipment, has established itself as one of the world's leading producers of open end spinning machinery and has also made major inroads into worsted spinning through the Australian developed Repco spinner which manufactures in the U.K.

Similarly, Scragg has stayed ahead of its competitors with similar range of spinning innovations.

May wine sales hold up well

By Kenneth Gooding

SALES of wine held up remarkably well in May, but those for spirits in the same month suffered a post-Budget slump, according to Customs and Excise statistics just released.

Total wine clearances from bond fell only 2.9 per cent to 5.8m. gallons compared with the same month in 1974, a result described as "heartening" by Mr. David Rutherford, chairman of the Wine and Spirit Association.

The cumulative situation for 1975 to the end of May shows wine sales down 3.8 per cent to 28.5m. gallons after years of steady growth. Mr. Rutherford said: "If the wine trade can continue to do well, we shall do well. But the next seven months' figures could alter the picture considerably."

Spirits sales—as measured by duty payments—were down 29 per cent in May compared with the same month a year ago at 1.5m. gallons.

This was to be expected after the 81.5 per cent jump in the previous month—witness the pre-Budget buying of spirits which went on that month.

Move to wreck Leyland plans alleged

THE AMENDMENT which some British Leyland shareholders tried to force through at the last extraordinary meeting of the company was described in the High Court yesterday as "in essence a wrecking amendment which would stultify the scheme."

Mr. George Dillon, QC, appearing for British Leyland Motor Corporation, also said that a very vocal minority had been "intemperate in their language and apparently bent on disrupting the meeting."

Mr. Justice Templeman, is being asked to sanction the scheme to reconstruct BL's capital which was accepted at the meeting. The British Leyland Shareholders' Action Group is opposing the scheme and has briefed counsel.

Mr. Dillon said that it was a matter for the shareholders whether they wanted a bird in the hand of 10p a share or a ride on a tiger in the shape of liquidation or receivership.

The hearing continues today.

Bankruptcies increase sharply

THE NUMBER of bankruptcies administered last year rose sharply—from 3,360 in 1973 to 3,230.

According to the Department of Trade's annual report on bankruptcy, published yesterday, total deficiencies estimated by debtors rose nearly £20m. to over £31m., an average of £5,992 a case.

Of the 3,387 trading failures dealt with, the construction industry—with 1,017 cases—accounted for almost a third. There were 874 bankruptcies among retailers, 337 in road haulage, taxis and hire cars and 221 in financial business and professional services.

There was a rise of 46, to 239, in the number of prosecutions for bankruptcy compared with the previous year while the number of bankrupts applying for discharge fell from 1,067 to 715.

The report records that the largest case administered in bankruptcy had liabilities of almost £1.8m., while there were five cases with liabilities between this figure and £500,000.

Bankruptcy General Annual Report for 1974: 50p. From CISCO, 49, High Holborn, London, W.C.1.

MP expects licensing Bill soon

By Kenneth Gooding, Industrial Correspondent

A PRIVATE member's Bill outlining changes to Britain's liquor licensing laws could be introduced in the autumn, according to Mr. Michael Thomas, Labour MP for Newcastle-upon-Tyne East.

Mr. Thomas has been leading a campaign to get the Government to legislate along the lines proposed by Lord Erroll's committee in December, 1972.

In particular, he wants longer licensing hours and other changes which would encourage a new type of licensed establishment.

Mr. Thomas, who yesterday met Mr. Roy Jenkins, M.P. for the Home Secretary, and Dr. Shirley Williams, Parliamentary Under-Secretary for Employment, and Mrs. Shirley Williams, Secretary for Prices and Consumer Protection.

The Government so far has rejected all requests for guidelines, saying that none were necessary for a voluntary policy.

The CBI has insisted that this situation where employers could

About 15% of energy 'could be saved'

BY DAVID FISHLOCK, SCIENCE EDITOR

ABOUT 15 per cent of the saving on national consumption of primary energy used in Britain could be saved in buildings with comfort, according to a report from the Building Research Establishment.

Two-thirds of the energy saving could come from existing dwellings, using only well-established techniques.

The report offers a way in which the householder can attempt to calculate whether a particular energy conservation measure makes sense in his specific circumstances, taking account of such factors as his fuel costs, how long he expects much of the expense he can expect to recoup should he move.

It is enthusiastic about the usefulness of heat pumps, but acknowledges that they require further research and development, while their full potential is regarded as "more likely to be realised in new constructions designed for the purpose."

Of alternative "free" energy sources, the report notes that although wind conditions in Britain make the use of aerogenerators (windmills) possible, a typical domestic heat load in a light-wind area would require a rotor up to 30 feet in diameter. Solar collectors, it finds, are best considered for new dwellings.

The present value of the resource cost of action to the domestic sector is put in the region of £3.6bn., and the present value of the savings discounted at 10 per cent per annum is estimated to be of the same order.

The figure of 15 per cent

'Onus on every Cabinet Minister'

Constitution

Mr. James Comyn QC, for the Sunday Times, said: "Disclosure of Cabinet material is a matter for the discretion of members of the Cabinet and not for the law. Nobody can say there is a cause of legal action against a Cabinet Minister who acts loquaciously."

Mr. Brian Neill, QC, for the literary executors of the late Mr. Richard Crossman, a former Labour Minister, and his publishers, replied: "The sanction must be either dismissal from the Cabinet or capture by the Prime Minister.... It is not a matter which comes into the field of law."

"It is one of the glories of the British Constitution and runs through the whole of our public

life. It was framed, and I hope I am not too old-fashioned,

PARLIAMENT



Reserve powers probe by Tories

By John Bourne, Lobby Editor

CONSERVATIVE MPs last night tabled an amendment to the anti-inflation Bill in an attempt to smoke out details of the Government's draft reserve powers legislation which has not yet been published.

As reported in the later editions of Saturday's FT, Economic Ministers have virtually agreed to recommend to the Cabinet that strikers should be either exempted from actions by employers under civil law, or at least partially exempted from injunctions to restrain them from taking industrial action against the Government's £6 a week pay increase limit.

In Whitehall yesterday it was stressed that the Government was still determined that any Reserve Powers Bill, which it hopes will be unnecessary, must not result in trade unionists ending up in prison because of industrial action.

This could happen, of course, if workers refused to obey a court injunction, and several Ministers now agree that legislation could certainly be drafted to prevent workers or unions being subjected to actions for injunction. This is on the ground that the Ministers regard an injunction not as "a civil action but merely as "an equitable and discriminatory remedy" pending a civil action for damages later.

But some influential economists are convinced that the legislation could also easily safeguard workers from actions for damages. Certainly they would seem to have a precedent in Section 17 (S) of the Conservatives' Counter-Inflation Act, 1973.

Although that Act did provide for fines for workers who went on strike or threatened to do so, subsection S said: "Nothing contained in or having effect under this Act... shall give the tort to any criminal or tortious liability for conspiracy, or to any other liability in tort... in action for tort in a civil action."

Japanese car imports concern

BRITISH PEOPLE should search their consciences "very seriously indeed" before buying cars from countries with much stronger balances of payments positions than our own, said Mr. Peter Shore, Trade Secretary, in the Commons yesterday.

He told Mr. Edwin Wainwright (Lab., Darne Valley), who had asked about car trade between Japan and the U.K.: "What is happening is that hundreds of thousands of our fellow citizens are preferring to buy foreign cars."

Mr. Shore said trade figures showed "a large and increasing adverse balance in our car trade."

Mr. Wainwright said: "For every car exported to Japan, about 50 are imported. Are you sure dumping is not taking place?" What action will you take in the near future to ensure that the British car industry is strong competitiveness of our exports to supply our own needs Japanese car industry."

Two-way folly

By PHILIP RAWSTORNE

August is the newspapers' traditional "silly season"—but in the Commons it reaches its peak in July.

As the Speaker commented yesterday, this is the period when unusual incidents occur: when folly and foppish dole sway as Ministers grow tired and backbenchers restles with the approaching summer recess.

It is a time for overnight sittings, guillotines and springing ambuses on unwary Governments in the division lobbies; for mini-Budgets or incomes policies; and for innumerable points of order.

Mr. Bob Mellish, the Government Chief Whip, who normally maintains his silence in the House at least, rose yesterday to apologise for the behaviour of a number of Labour MPs who had voted in both lobbies last week.

They had done so, apparently, in an attempt to demonstrate that there was a quorum of 40 MPs present to consider a Government motion that would have enabled the Hansard record to be used in the Crossman diaries court case.

The tactics failed, anyway. Even with three MPs voting both ways, the result was 25-23.

But Mr. John Peyton, "shadow" Leader of the House, said sternly that votes and even rules about votes, were important matters that should not be tampered with or treated lightly.

Angola 'battleground' risk to British citizens

THE SITUATION in Angola was there after the majority of likely to get worse and the British citizens had been with capital could become a battle drawn.

Opposition on Foreign Affairs spokesman, Mr. Christopher Tugendhat, asked: "Could you confirm that a number of other countries have left diplomatic representations in Luanda and that we were the only ones to have withdrawn?"

Mr. Tugendhat wondered what was the value of British interests left at risk in Luanda.

Mr. Ennals said British property in Angola was estimated at £60m.

Answering an emergency question on the safety of Britons, he said that in other parts of Angola many had already left independently under arrangements made in consultation with our Consul General. So far, there had been no British casualties, although there had been some damage to property.

Mr. Edward Taylor (C. Cirencester) protested that, in what was developing into little more than a bloodthirsty shambles, Mr. Ennals had no precise idea of the number of British residents or where they were.

Mr. Ennals replied that, apart from those in Luanda, he could not give a figure for Britons in the rest of Angola because it was not known how many had left in the last few weeks.

It would have been wrong to leave our small consular staff

It had happened before, said Mr. Mellish—but he agreed heartily with Mr. Peyton's sentiments.

"I spend all my time trying to get as many MPs as I can into one lobby," he added. "I am overwhelmed by the enthusiasm of those who voted in two."

Mr. Jerry Wiggin, from the Conservative backbenches, and a number of other MPs asked the Speaker for a proper interpretation of Standing Order 29 (2) which governs the voting procedure.

"Some members of the Liberal Party voted in both lobbies last year," he recalled.

"That's because they didn't know which one they should have been in," shouted a Labour MP. "Facing both ways as usual," called another.

Mr. Selwyn Lloyd, celebrating his 71st birthday, rated that even if 20 MPs voted in two lobbies, it would still not make a quorum.

"This is one of the things that crops up in July," he added—but he refused to be tempted into prejudging anything that might happen next summer. "I'll rule on it when it happens," he declared.

In the meantime, Mr. Lloyd ruled that Mr. John Stonehouse, who wants to be locked up in the Commons, could not even stand without a resolution of the House.

And MPs, waiting impatiently to escape from Westminster, showed no disposition to sanction such a wish even on Mr. Stonehouse's 50th birthday.

The tactics failed, anyway. Even with three MPs voting both ways, the result was 25-23.

But Mr. John Peyton, "shadow" Leader of the House, said sternly that votes and even rules about votes, were important matters that should not be tampered with or treated lightly.

After describing the evacuation of 28 Britons from Luanda on Sunday, Mr. Ennals added: "About 12 British citizens decided not to go. It is hoped that they will have the chance within the next few days to take spare seats under air or sea evacuation arrangements of other friendly countries."

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It would have been wrong to leave our small consular staff

Fall in EEC trade deficit

BRITAIN'S CRUDE deficit of trade with the EEC, seasonally adjusted, averaged £171m. a month in the four months March to June, the Trade Secretary, Mr. Peter Shore, told the Commons yesterday.

Replying to Mr. William Hamilton (Lab., C. Eife), Mr. Shore said this compared with £225m. a month in the preceding three months.

The deficit in iron and steel had been reduced by half.

Mr. Shore added: "This is the first time in 16 months I have been able to report to the House a slight overall improvement."

and thereby not allow Japanese cars to take over!"

Mr. Shore said that there had been an investigation into dumping allegations.

"But, the Japanese successes in the British market have, in some respects, been due to the unparalleled opportunity for selling here in 1972-73 when British suppliers were curtailed and limited.

Fuel costs

"The type of car the Japanese offer tends to be at the small end of the range. It has advantages in these days of high fuel costs."

Mr. Shore added: "We cannot dismiss the Japanese successes on the ground that they are trading unfairly. If I have evidence of that I will act, but the problem is the more serious one of the which had given advantages to our exports."

Mr. Leslie Buckfield (Lab., Nunsthorpe) said: "It would appear that only one in three British private motorists is buying a British car. Imports have gone up by a half, but exports by only 10 per cent. Is it not about time that we had a really definitive statement?"

Mr. Shore pointed out that, in terms of components and associated items, the British car industry was still a very considerable net exporter.

Mr. Michael Shersby (C. Uxbridge) asked if there were artificial technical barriers which prevented the export of British cars to Japan.

Mr. Shore replied: "All the obvious technical barriers appear to be non-existent. Their tariff is, for instance, 6.4 per cent. against ours which is 11 per cent." There had also been changes in Japanese procedures

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Balance Sheets as at 31st December 1974

Assets

Tangible fixed assets

Investments in affiliated companies

Other financial assets

Investments

Receivables for goods sold and services rendered

Other items

Liquid assets

Balance of consolidation

Liabilities

Capital stock

Reserves, special items having partly the character of reserves

Profits received from consolidated companies, earned prior to 1973

Minority interest

Provisions for pensions

Other provisions

Convertible debentures

Other long-term liabilities

Other liabilities

Balance sheet profit

Bayer AG

Bayer World

1,349

7,672

2,272

748

128

205

1,567

4,969

1,421

2,882

349

687

813

1,310

—

507

8,890

18,930

Bayer AG

Bayer World

1,910

1,910

2,325

2,504

—

68

881

1,010

1,285

383

591

887

1,780

4,667

1,595

5,470

325

316

9,899

18,930

Bayer AG

Bayer World

8,899

18,930

Bayer AG

Bayer World

8,441

18,878

5,352

10,157

4,089

8,722

369

431

4,458

9,153

2,757

5,699

665

1,338

216

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TELEGRAPH 4223384 today.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Coats interiors of large pipes

COLEBRAZ ENGINEERING is producing two novel machines for the application of sealants as well as anti-corrosive and anti-abrasive coatings, to the inner surfaces of pipes with diameters ranging from 100 mm. to 1,800 mm.

One of the machines employs a reciprocating beam for use in pipes up to four metres in length before they are laid, and the second has a wheeled carriage which crawls through the pipe, the pneumatically-driven four-wheeled carriage has an airless paint spray head at one end. The type of spray head can be varied to suit specific types of application requirements. For example, for pipes between 300 mm. and 1,000 mm. diameter, the spray head consists of a gallery containing between four and eight tips.

A typical painting rate for a single-arm, stationary head machine is 200 m² per hour. The reciprocating beam machine is pneumatically operated

at varying velocities, producing more mixing and air homogenisation quickly and gently.

For cleaning pastes below a certain viscosity, the screw can be reversed to impart a higher shear to the mass. The unit is available in 15 sizes from 1,000 to 25,000 litres. Made in Holland by Machinefabrik.

Vriebo's mixers are supplied in the U.K. by Delaney Ltd., Millfields Lane, (07633 5500).

A three-dimensional mixing action is provided by the orbital screw which, apart from revolving on its own axis, is also made to orbit round the inside surface of the conical mixing container.

The screw imparts a lifting movement which is intensified by the orbital motion; the elevated material then falls down the cone.

THE SCHUMACHER sand treatment system is available in the U.K. from Mechanized Engineering (Wolverhampton), Millfields Road, Wolverhampton, WV4 6JE.

Installation cost is claimed to be considerably less than conventional equipment and maintenance costs are also reduced.

THE SCRUMACHER sand treatment system is available in the U.K. from Mechanized Engineering (Wolverhampton), Millfields Road, Wolverhampton, WV4 6JE.

Overall measurements are 1,825 x 2.00 x 3.75 inches and the weight is seven ounces. Calibrations to suit most engineering, educational and sports applications are available.

Applications of Type 7532A include the disruption of cells, bacteria, viruses, spores and tissue; extraction of compounds from animal and botanical tissues; emulsification; accelerating solution of difficult substances; and speeding up reactions.

A pulser device permits operation from 10 to 80 per cent. of each second—useful for the extended treatment of solutions that are unstable when heated. Cooler operation and better mixing of materials results, especially for large batch volumes and powders. Dawe is at Concord Road, Western Avenue, London W3 OSD (01-992 6731).

Suitable for most fluids in common use, the units show flow rate as a continuous dial reading, giving warning if flow varies outside pre-set limits and if need be trigger instant remedial action.

The units use a double-vane system offering little resistance to flow and allowing contaminant solids to pass through freely without damaging the meter. The semi-circular vanes are suspended on pivots and counterbalanced against the flow so that the fluid path when the flow is zero. As the flow rises the vanes tend to close like butterfly wings. The pivot is linked to the dial pointer, giving a linear reading.

The Executive's World

David Fishlock talks to a man with a frustrating problem

Selling the indescribable

FOR A SALESMAN. Mr. Freddie Crewe has a very frustrating problem. Personally he has no doubt that his research engineers have developed a very advanced piece of airborne electronics, but just how much better it is than the equipment he hopes it will replace he is not allowed to say. All he can claim, as sales manager of the maritime aircraft systems division of Marconi-Elliott, is that it is a "significant improvement." It sounds a rather lame claim to consideration for a share of a market put at £500m. over the next ten years.

The difficulty, of course, is that the equipment is a highly classified defence system, the primary market for which is the detection of submarines deep in the oceans, where no light beams or radars can penetrate. It uses sound waves to peer into the black depths and paint pictures of a clarity and detail the company claims are unsurpassed.

The Ministry of Defence acted as marriage broker for the partnership, three years ago, that made this new acoustic processing system possible. Its problem was that, as submarines are progressively silenced and built to operate at greater depths, they become less and less visible to existing detection methods. Its scientists foresaw the day when enemy submarines would no longer be detectable.

So the procurement executive of the Defence Ministry brought together Marconi-Elliott, avionics subsidiary of GEC, and a Canadian company called Computing Devices (ComDev) of Ottawa, to develop a new acoustic detection system for the RAF's Nimrod long-range patrol aircraft. The result, claims the British company, will be the most powerful computing system ever to go inside an aircraft, and one that puts the Anglo-Canadian partnership right up with the world leaders—mostly U.S. companies—in airborne sonar. It expects to have a system ready to fly next summer.

But the market, the partners believe, is very much bigger than for RAF Nimrods—38 flying and eight more on order—the majority of which they expect to re-equip. They have a system that can be adapted to a great variety of aircraft, from a small helicopter to a large reconnaissance aircraft. ComDev is also highly enthusiastic about the possibility of a civil market for nations—Canada—one-anxious to prevent any unauthorised exploitation of ocean or seabed resources.

Freddie Crewe began his selling campaign in March, 1974.



The sonar picture (above) can show an operator in the Nimrod (top) whether a whale or a submarine has been found

about nine months after project initiation on the refit programme definition had been agreed for nations to which he can be the Nimrod contract.

Mr. Crewe's career has always been closely bound up with aviation. From wartime service as a pilot with Fighter Command he went into air traffic control joining Marconi-Elliott in 1968 to apply his operational experience to the design and formation he can provide—for example, on the computer performance—by Britain's precise relations with the customer.

Because of the difficulties of security classification, this kind of exercise, says Mr. Crewe, must be taken very slowly and gently. It may involve five or six detailed presentations to a prospective customer as the technical development advances, and as more ideas emerge on how the avionics might be matched to developments on long-range patrol aircraft. "If you manage to sell in three years you've done a pretty good job," he believes.

Although given no figures himself with which to compare operational performance of the system he's selling with the one the customer is already using, that does not mean the customer cannot obtain these details. They can be provided on a government-to-government basis "at a level at which, frankly, I do not need to be involved." His job, as he sees it, is to "kick open the door."

His starting point is infor-

time against a background of a continuously evolving technology. If all goes well, a point is eventually reached where governments begin to swap the more sensitive information, on sonar sensors, for non-IATA rates and a few directly illegal rates.

The £500m. market envisaged by Marconi-Elliott for acoustic processing systems worldwide over the next ten years relates only to avionics, not to the aircraft or sonobuoys. To equip an aircraft with the Anglo-Canadian avionics is expected to cost roughly £150,000 to £700,000, depending on the size of the aircraft and the capability required. For the Nimrod contract, for which the company is prime contractor, the division of work is about 60:40.

The division of work will be reversed if the partnership should secure the sonar contract for the proposed Canadian long-range patrol aircraft, for which the Government has invited tenders from Boeing and Lockheed. Here the Anglo-Canadian avionics are competing with the five U.S. specialists in airborne sonar—Emerson, IBM, Interstate, Magnavox and Sanders—for the contract.

From this date he can prepare reasonably sure the U.K. Government will approve sales of the system to the U.S. Government, which is providing the active sonobuoy for the Anglo-Canadian system, developed in its Weapons Research Establishment, is almost certain to re-equip its Ryan P-3Cs with the system; and New Zealand, with the same patrol aircraft, may follow suit. Below lies the likelihood of orders to re-equip Britain's Sea King helicopters in the 1980s.

But the most tantalising prize in sight is the Japanese market, where the Government is talking of buying 100 to 120 long-range patrol aircraft for surveillance of the coastline and seas to be patrolled, all the lance of its long coastlines.

PENSIONS

BY ERIC SHORT

Drain on the accounts

AN EMPLOYER in setting up a private pension scheme is of integrating, but no doubt taking on an open-ended commitment that can all easily become a considerable drain on his cash-flow resources. A formula providing pensions above a certain wage band. The proposed state scheme bases its pensions and its contributions to the pension funds in the majority of cases. A degree of control in the funding of pension schemes is just as desirable as with any other company to top up pensions.

The usual form of private pension provision in this country is to set up a scheme that provides a pension of 1% per cent of final salary with the employee paying 1% per cent in contributions. This pension is added to that received from the state scheme and his contributions paid in addition to that paid to the state. Thus under this system it is quite possible for an employee to get an overall pension higher than final salary but the extra cost is usually met by the employer.

The alternative put forward by some pension consultants is to integrate the whole pension scheme with the State scheme in determining the level of benefits and assessing the contributions. The level of pension is fixed at say 1% per cent of final salary, but this related to all sources, the private scheme providing the balance over and above that from the State. If the State level rises then that provided by the private scheme falls, if the salary levels remain unaltered.

The contributions paid by the employee are also determined on the total outlay to State and to the private scheme. The employer's outlay is to make up the difference to keep the scheme fully funded.

Trade unions in general are opposed to integration in private pension schemes, primarily because they think that something is being taken away from them. They suspect that the employer is trying to get away with cutting down costs by providing inferior benefits. But this is not the case at all. Everything depends on what overall percentage is fixed for the integrated level of pension. Under this scheme that figure can be pitched higher than in the more normal form of scheme so that a decent pension is paid to everyone. It is the union's task to see that the level is pitched correctly.

In general the cost to the employer will not be lower than under the more normal type of scheme. But when the State puts up its benefit level and consequently the contribution level, the employer can offset the increased costs within the private scheme. An integrated scheme does give some insulation against political risks.

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EDITED BY JAMES ENSOR

Reg Pycroft proves that it's still possible to be

An entrepreneur in aviation

BY JAMES ENSOR



reducing to 40 during the off-season. In January, when things look their blackest for the travel trade, Mr. Pycroft was able to persuade his staff to work an extra half hour a day without pay. "It made" he says "a measurable difference to production."

In addition, he has developed a cottage industry around Horley in ticket writing, with ten housewives collecting batches in rotation and writing them out at home. When times are good, the company has been quite generous with its staff, providing 10 per cent of profits as a general bonus and a substantial sum for the "decision-makers." At the same time, bonuses of £5 all round or a bottle of champagne were provided when bookings achieved a certain level in a week—this proved unworkable because nobody could predict the seasonal profile of bookings, which have varied each year.

Ghana

With Atlantic traffic in the doldrums, Pycroft has been trying to develop other, lower capacity, ABC routes. He persuaded Ghana Airways and the Ghanaian Government to allow services to West Africa, with flights starting at the end of June. "We saw a chance to capture a fairly limited market" he says.

The really attractive ethnic markets of Australia and South Africa are still blocked by their Governments' opposition to cheap flights, but Jetsave hopes to develop a service to Hong Kong and a cross-route between the Caribbean and Canada, linking with its existing terminals.

Last year was a bonanza year for Jetsave as revenue raced up to £5.8m. and profits to £400,000. This year with airline costs up by 40 per cent, and his own overheads substantially higher, he is very difficult. Capacity was not increased though higher fares will push turnover up to about £8m. and as for profits... Mr. Pycroft just says that he is confident of making one.

In a service business, with very tight margins, productivity and efficiency are conditions of survival. Overheads at the small business office at Horley, near Gatwick, are low and the staff is only 50, any aircraft.

The history of aviation has been a story of entrepreneurship, from Howard Hughes to Freddie Laker. With the big state airlines and government to government negotiations now dominating the scene, it is encouraging to know that there is still a chance for the lone entrepreneur to build up a business—even if he doesn't own any aircraft.

La Cassa di Risparmio di Torino, per celebrare il suo 150° anno di fondazione, bandisce un concorso internazionale, nell'ambito della Comunità Economica Europea, per uno studio originale, mai pubblicato o in corso di pubblicazione, su uno dei seguenti argomenti:

- FORMAZIONE DEL RISPARMIO E PROBLEMI DELLA INTERMEDIAZIONE FINANZIARIA, CON PARTICOLARE RIFERIMENTO ALL'ITALIA

- ESPERIENZE E POSSIBILITÀ DI COORDINAMENTO DELLE POLITICHE MONETARIE NELL'AMBITO DEI PAESI DELLA COMUNITÀ ECONOMICA EUROPEA

Il concorso è dotato di un premio di Lire 10.000.000, da assegnare anche ex-aequo, che sarà aggiudicato, a giudizio insindacabile, da una Commissione composta dal Presidente dell'Istituto, che la presiede, e da docenti universitari ed esperti. □ Al concorso possono partecipare i cittadini appartenenti alle Nazioni europee, compresi quelli italiani, nati in data non anteriore al 1940. □ I dattiloscritti, in qualsiasi lingua, che potranno essere redatti in Italiano, o in Francese, o in Inglese, dovranno essere fatti pervenire alla CASSA DI RISPARMIO DI TORINO - SEGRETERIA CONCORSO INTERNAZIONALE - 1827-1877 - 150° ANNIVERSARIO DI FONDAZIONE - VIA XX SETTEMBRE 31 - 10100 TORINO, in tre copie, entro il 31 marzo 1977. □ Il dattiloscritto non dovrà portare l'indicazione dell'autore, ma essere contrassegnato da una busta chiusa che conterrà all'interno le generalità del concorrente, nonché il certificato del non possesso di diritti di ciascuna delle opere o scritti o saggi qui sopra. □ Il premio, verrà comunicato ai vincitori e si daranno loro la possibilità di ricevere il premio stesso e di presentarlo in pubblico. □ L'Istituto diventa proprietario del lavoro o dei lavori vincitori di cui curerà la pubblicazione. Ad esso è riservato il diritto di traduzione. □ I dattiloscritti dei lavori risultati non vincenti non saranno restituiti agli autori. Per i lavori non vincenti, ma segnalati dalla Commissione giudicatrice, l'Istituto si riserva di concordare con gli autori dei lavori segnalati, le modalità per la loro pubblicazione, entro tre mesi dalla data di aggiudicazione del premio.

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Le concours est doté d'un prix de 10 millions de francs qui pourra être attribué dans le cas d'un concours ex-aequo. Ce prix sera décerné par une Commission, dont le jugement sera incontestable, mis sous la responsabilité du Président de la Cassa di Risparmio di Torino et composée par des professeurs universitaires et des experts. □ Tous les citoyens des pays membres de la Communauté Economique Européenne, nés pas avant l'année 1940, peuvent participer à ce concours. □ Les textes originaires dactylographiés, redigés en trois copies en français ou en italien ou en anglais devront parvenir au 31 mars 1977 à la CASSA DI RISPARMIO DI TORINO - SEGRETERIA CONCORSO INTERNAZIONALE "1827-1877 - 150° ANNIVERSARIO DI FONDAZIONE". □ Le concours ne se rapportera pas sur le pseudonyme ou sur une "divisa" qui sera marqué (e) sur une enveloppe fermée contenant l'adresse du candidat aussi bien que son acte de naissance et un certificat de sa nationalité. Seulement le pseudonyme ou la devise sus-mentionné (e) devra être porté (e) sur l'enveloppe. □ Le vainqueur (ou vainqueurs) sera personnellement informé et recevra pris au cours d'une manifestation auprès de la Cassa di Risparmio di Torino a Torino à l'occasion des celebrations de 1977, dont la date n'a pas encore été fixée. □ L'Istituto diventerà proprietario del travail ou des travaux gagnant (s) et se réservera le droit de traduire le(s) travail(s) gagnant(s) en italiano. □ Les textes des travail(s) non gagnant(s) ne seront pas rendus à leurs auteurs et, pour les œuvres signalées par la Commission, se réservera le droit de publication selon les accords stipulés avec les auteurs même dans les trois mois suivant l'atribution du prix.

La Cassa di Risparmio di Torino, Italy thenceforth referred to as the "Institute" announces its intention to award a prize for an original study, not previously published and not yet in the press, on either of the following subjects:

- SAVINGS, ACCUMULATION AND PROBLEMS RELATED TO THE PROCESS OF FINANCIAL INTERMEDIATION, WITH PARTICULAR REFERENCE TO THE INSTITUTIONAL SET-UP

The prize of 10 million lire - to be granted, if necessary the ex-aequo - will be awarded by a Committee of academics and experts under the presidency of the Chairman of the Institute. The Committee's decision will be final. □ Any citizen of the countries belonging to the European Economic Community, born not earlier than 1940, may submit a manuscript. □ The manuscript may be written in English, French or Italian. □ The study must be submitted to the SEGRETERIA CONCORSO INTERNAZIONALE "1827-1877 - 150° ANNIVERSARIO DI FONDAZIONE" - CASSA DI RISPARMIO, VIA XX SETTEMBRE 31 - 10100 TORIN (ITALY) not later than March 31st, 1977. Manuscripts must not bear the author's name or any other means of identification, but a pseudonym or motto, which must be indicated, unaccompanied by any other writing, on the front of a sealed envelope containing the author's name and address, birth certificate and nationality. □ The prize - after notification to the winner or winners - will be handed over during the course of a ceremony at the Institute's head office, on a date (in 1977) to be announced. □ The Institute shall acquire the property of the winning work or works and shall undertake to negotiate their publication with the authors within three months from the award of the prize.

*IL PRESIDENTE
Enrica Sartori*

*The President
En*

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TUESDAY, JULY 29, 1975

Co-ordinating policy

THERE IS more reason to be fore the political strength of the relieved than surprised at the West. news that this week's summit meeting in Helsinki will be used as an occasion by the representatives of the U.S., Germany, France and Britain to discuss the international co-ordination of economic policy and that a further major conference, to include Japan, is planned for the early autumn. The present recession among the industrialised nations of the West has driven unemployment in many of them to levels which have not been seen for many years past, and there is a widespread fear that the recovery may be late in beginning and slow in gathering momentum.

Britain, being itself in a particularly weak position and therefore especially conscious of their trading partners as a need for stronger countries to take the initiative in stimulating the recovery of world trade, has long been making proposals for joint financial measures to be taken by all members of the EEC Commission has called for a special geographical position, and Britain, because of its special economic position would, rightly set a high value on such co-operation, it would be rash to suppose that the common interest is likely to override special national interests without difficulty.

The main hope of advance in this direction at present lies in the fact that the common interest and the interests of many individual governments are the same. Once the recovery for some time past that no real progress is under way, however, differences in the relative emphasis which particular governments place on the destabilising influence of unemployment and that of inflation, are likely to re-emerge. Indeed, the very co-ordinate their programmes of fact that the members of OECD, inflation and has thus laid the after going into recession ground for a major conference together, are now planning to in which the U.S. and Japan fight their way out of it as well as the members of the gether, may make the risk of accelerating inflation greater.

Since Communist theorists than it would have been otherwise made no secret of their wise. But there is no reason belief that the present economic way there should not be greater situation offers an opportunity international consultation than for gaining further ground and in the past about the avoidance since the political situation in of Sylla as well as of Charybdis, several European countries. It is certainly high time that already far from stable, there the wider political implications is a special value in using the of economic developments Helsinki meeting as an opportunity for planning measures to generally appreciated in the butters the economic and the West.

A controversial OAU summit

THE TWELFTH summit of the invited to (but have not yet Organisation of African Unity turned up in) Kampala. President which opened in Kampala yesterday evening is probably one of the most important and controversial in the OAU's short history. In the most crucial issue before it—Angola—independent Africa could face the most serious challenge to its unity and the political problems of since the Nigerian civil war, trying to organise an African while the controversy surrounds or international peacekeeping force (which is anyway resolutely opposed by two of the three groups) there may be the absence of at least four of the continent's key leaders, Angola's seek their own solution in the hope that non-African powers will stay clear too. But President Amin is among those suggesting an African force, while the Angolan debate seems certain to suffer from the absence of the Presidents of Tanzania, Zambia, Botswana and Mozambique.

Bitter statement
The African leaders have only themselves to blame for allowing President Amin to host the summit and thus put himself directly in line for the Presidency of the Organisation next year. Despite President Nyerere's bitter statement at the weekend that the Field-Marshal's repressive policies within Uganda demean the whole of Black Africa, the time to have acted would have been at the OAU summit a year ago when the Heads of State originally chose Uganda for this year's conference. However, leaving the OAU in the hands of the unpredictable Ugandan leader can do little but harm just now.

The most important issue is undoubtedly Angola. Three round table conferences since last December between the rival nationalist groups have failed either to produce workable constitutional arrangements or to prevent an armed conflict.

With the history of the Congo and Nigeria in mind, African states, who for example so successfully combined to negotiate a tough and useful economic agreement with the EEC, are still prone to divisions on issues Kenya's, have already tried to where no common external immediate between the warring terrest or threat can be found groups, whose leaders have been to unite them.

Hold-ups at the Post Office in sorting an automation package

FOR the last five years the Post Office has been trying to obtain accurate information on how many letters and parcels pass through its own sorting offices, to improve its marketing effort, to help formulate realistic pricing policies and to deploy staff more efficiently. But members of the Union of Post Office Workers have refused to co-operate, despite assurances that no redundancies would be involved and that employees would benefit financially from any increased productivity.

As the Post Office prepares the way for a new round of price increases to cover a forecast deficit of £290m. this year, there are growing doubts as to whether enough is being done to reduce costs within the P.O. itself. Sir William Ryland, its Chairman, has admitted that the Post Office is overmanned; but if he and his Board are deprived of the basic information on the flow of letters and parcels, it is difficult to see what he can do about it.

The sorting office problem is only one which faces the Post Office. At the moment the P.O. is trying to inject a combination of job evaluation and work study techniques into the clerical side of its postal and telephone businesses, but all it has received from the unions is acceptance that a limited pilot scheme can continue. Similar schemes have already been accepted in other industries, with claimed labour savings of anything up to 50 per cent over a period of a few years through natural wastage.

The national executive of the UPW fully accepts what needs to be done. At the union's recent annual conference, it recommended that the members should co-operate in helping the management obtain more information on traffic flows, that they should accept clerical job evaluation, and that they should agree to mechanisation in the postal sorting offices.

Accepted by delegates

But only the third of these recommendations was accepted by delegates at the conference, and then only after a stern warning from the union executive that without mechanisation all the jobs associated with parcels sorting—some 17,000—could be in jeopardy. This is far more than could possibly be lost under the ten-year mechanisation project for both letters and parcels which the Post Office has been trying to introduce. The conference did, however, agree to a recommendation from the executive for employment of women to deliver the post.

The last postal price rise, which took the basic first-class rate from 4p to 7p in March, was expected to add Post Office management is now

some £245m. to the P.O.'s discussions with the unions the revenue in a full year. But its various ways in which immediate effect on the business was such savings can be made, quite that this will not be achieved apart from the longer-term projection of an overall fall in mechanisation.

letter traffic of 7.8 per cent has proved correct, there has been ment is thought to be seeking

under strength at the moment have to be spent on buildings many offices this business-representatives half the cost of out-vacancies, the management over and above what wurd sorting operations buildings in any case. It is ment, has explained to the Post Office unions, this may have been all very well when the postal service was experiencing little change in the environment in which it operated and was enjoying a steady increase in business. But now competition from outside business has increased dramatically and price increases have forced customers to carry out critical reviews of their use of the various services.

In the general secretary's annual report to the Union of Post Office Workers' conference this year, the union's national executive again showed how clearly aware it was of the Post Office's manning problems: "Recent heavy price increases, although in part due to past neglect, are symptomatic of the effect of inflation upon our job. If this continues we shall see further loss of traffic as posting becomes more and more expensive. This could lead to a cut back in deliveries, a reduction in the number of jobs available well beyond the effect of mechanisation and a worsening of conditions."

Guaranteed future

"It is imperative that this argument should be understood, for the future of our service and the livelihood of our members will depend upon our reaction to current circumstances. There is no real guarantee for postal workers except that we can provide a service which people want at a price they are prepared to pay. To this end we must seek cost reductions where we can in order to preserve the level of customer service and the level of employment opportunities."

The problem lies lower down in the union. Its officials point out that the suspicion among the rank and file towards traffic measurement derives partly from the measurement proposals having been first put forward soon after the strike, and partly from their being wrapped up in what union members regarded as a complicated stop-watch system.

Wherever the faults lie—between management and union, between union executive and union rank-and-file, or between management and union rank-and-file, the fact remains that five years of negotiation to obtain some basic data about the Post Office's business, still in vain, is a ludicrous and destructive situation. If it is not resolved soon, then the call by the Opposition for a public inquiry into the affairs of the Post Office, although dismissed as a "political gimmick" by the Government, may have to be



Since the March price rise, there has been a drop of around 25 per cent in first class traffic—the scene at St. Martins-Les-Grand in London.

a significant shift away from cost reductions in the following first-class mail to second on a ways:

First, a reduction in the amount scale which was not anticipated while the parcels worked within the Corporation, which has been as high as 16 per cent. in some offices.

Before the March price rise some 35m. letters were handled apparent staff shortages or because of peak demand carried at first-class rates and times. The union points out that the increase there has been a drop of around 25 per cent in first-class traffic which has been only partly compensated for by a 12 per cent. rise in second-class business. The end result is that only 40 per cent. of U.K. fact, union policy is for retirement at 60, and the union says that no difficulty is experienced in this respect. However,

In these circumstances, the Post Office management must obviously wonder what effect the further price rise planned for this autumn—taking the first-class letter rate up to a proposed 8p—will have on the argument should be understood, for the future of our service and the livelihood of our members will depend upon our reaction to current circumstances. There is no real guarantee for postal workers except that we can provide a service which people want at a price they are prepared to pay. To this end we must seek cost reductions where we can in order to preserve the level of customer service and the level of employment opportunities..."

Third, the management is likely to argue that with traffic falling it should no longer have to replace staff automatically. The extent the P.O. is entering new territory where it cannot really half at second, which does not overtime is reducing anyway as demand next-day delivery. Since traffic falls off and more staff has become available.

Second, rigid enforcement of the present agreement on retirement age of 60, with the retirement age possibly brought down to 55 in some cases. In

is that only 40 per cent. of U.K. fact, union policy is for retirement at 60, and the union says that no difficulty is experienced in this respect. However,

Voicing an answer to the City's critics

BY MICHAEL BLANDEN

مکالمہ

ANOTHER important step in the City's response to public criticism of its activities and what it sees as widespread misunderstanding of its functions is likely soon with the setting-up of a central communications and information organisation. Acting as a channel within the City and a link with the media, this new body will follow a year or so of clear signs of the City organising itself to answer its critics more effectively. These signs have been seen both in statements by leading City individuals and in the work of the committees on various subjects set up last year with the backing of the Governor of the Bank of England.

These efforts are a reaction not just to increasing criticism of the City but to a change in its character. For the City has been accustomed for a long time to adverse public attitudes—regarding the stock market as a casino and the banks as over-profitable moneylenders, for example—and thoughts about answering these are by no means new.

Entity

What the criticism has done is highlight some of the problems the City faces in presenting itself more favourably. The situation has to be dealt with in a number of different ways: in relation to Parliament and MPs' understanding of the City; more technically, in relation to Government departments and the taxation authorities; and in the general sense of getting the City's case over to the public at large through the media.

One difficulty is that, except in a geographical sense, there is no such entity as "the City." The various financial institutions which make up what is generally understood by this phrase are related to each other only loosely. The big clearing banks, for example, with their country-

wide branch networks, are only partly of the City; their interests on any subject may not coincide, and may indeed conflict with those of merchant banks or the large community of foreign banks in London, let alone with the insurance companies, the stock market, the commodities markets or the professional bodies such as the accountants which can claim an interest in City matters.

The second point is the difficult position of the Governor of the Bank of England. He has traditionally acted as the channel for communication between the City and Government in both directions and on both specific and general issues is recognised as the most important voice of the City. It is difficult to imagine that any centre other than the Bank could be an effective focal point for making City opinion known.

Successive Governors, however,

have recognised that there are

subjects of major interest to all

or part of the City, on which it

is difficult for them as representa-

tives of Government, responsible

for carrying out official

policies, to speak out on behalf of

the City.

This is why last year's move

by Mr. Gordon Richardson, the

present Governor, to set up a

number of heavyweight commit-

tees, in addition to the one or

two already in existence, was

so important. The Bank

provides secretarial services to

and communication between, the

various specialist groups, which

are linked with the City Liaison

Committee (meeting under the

Governor), this has been de-

scribed as "the City fathers

meeting in Cabinet.") The

whole set-up, which grew partly

out of the established activities

of the Committee on Invisible

Exports, has already provided a

new voice through which the

City Telecommunications Com-



Sir Eric Faulkner of Lloyds Bank, head of the working party on City publicity and public relations.

Nonetheless, it is clear that baby most controversially, Sir Eric has been doing a good mounted earlier this year a deal to help the City's "image." powerful critique of the industry Last November, he mounted a Bill's disclosure provisions, ex-spirited defence of profitability pressing "grave concern" over in industry at The Banker's the possible giving away of annual seminar, following its commercial secrets.

The other committees, such as chairman of Lloyds. And the telecommunications, tend to be widely expected creation of a more technical. This is true to some extent of the City Tax

public relations stems from his group's work. The new body, it is thought, will not involve March last year pretty much anything as ambitious (and snowed under by the immediate probably hopeless) as trying to problems of new legislation.

It can claim some success in Nor, it is hoped, will it be simply a propaganda machine. More likely is a small unit foreigners working in the City, geared to provide a channel of communication within the City the City's international stand-

and, in particular, with the media, to identify people who won. It has also, for example, posed comments on the pro-

posed wealth tax.

Structure

It is hoped that the Tax Committee will be able to turn its attention to broader issues now that the first rush of immediate problems is over, bringing its activities more in line with those of the Company Law Committee.

This has been involved in some immediate issues, such as proposed EEC legislation, but has also produced major works such as its first report on employee participation (in which it came

down against the mandatory introduction of a two-tier Board system in the U.K. for its own sake but expressed support if it brought more understanding among workers and greater

and they are being consulted by Government departments on specific issues where a City view is desirable. But the test

will be the City's ability to influence actual policy towards

industry and finance, as expressed through the National Enterprise Board as well as direct Government initiatives.

To some extent, the structure of the system is still being tested, so that changes are possible. Nevertheless, a number of advantages have been found with the present system. The committees enjoy the support of the Bank of England, but because they remain independent, they can often comment far more outspokenly on contentious issues.

Except for the EEC Committee, their members are not specifically representative of sectors of the City, and can therefore speak without being tied down to the official approach of individual associations such as the British Insurance Association. But because they are senior individuals from leading City activities, they can nevertheless speak with authority and in the reasonable expectation that their views will have wide support.

By sticking to topics of general interest, moreover, they can try to avoid sectional disagreements and leave individual associations to represent their own members over items of specific concern.

The diversity of City interests has created a resistance to the more ambitious ideas of

getting up a central spokesman for the City or an organisation parallel with the Confederation of British Industry to act on its behalf. Yet through the medium of the City Committees much effective work is already being done. Their papers are being widely distributed—to MPs and the trades unions, for example

—and they are already finding

among workers and greater

sense of involvement with the

management and fortunes of the

company. The EEC Committee

too has been much tied up in developing contacts within the

Community and with the appropriate U.K. Government

departments.

Letters to the Editor

Social Security Pensions Bill

From the chairman, the National Association of Consulting Actuaries, and others

Sir—A very important amendment has been made in the Social Security Pensions Bill in the Lords. Although it may appear rather technical, it has a very great bearing on the extent to which the Government's declared objective of encouraging the maintenance and (if possible) the extension of good occupational pension schemes can be achieved. May we briefly explain.

The Bill has given rise to an acute problem about people who change their employment. It is

provided that their preserved

pensions shall be completely protected against inflation. It is

certainly not reasonable to expect

an employer to carry the responsibility for this, since an open-ended provision for escalation for an employee who has left service is obviously not insurable, as indeed the Government has recognised by proposing that escalation after retirement shall be the responsibility of the State.

But as the Bill stood until July 23, the only alternative employers had to accepting this undesirable risk was to pay a so-called limited revaluation premium to buy back into the State scheme responsibility for escalation above 5 per cent. This is open to serious objection. It

partially defeats the object of

contracting out by channelling

money back into the State

scheme, where it will be spent.

Instead of allowing it to remain

in the occupational pension fund,

where it becomes a productive

investment; and it creates a psy-

chological disincentive to con-

tracting out at all by requiring

employers to leave his service to

make payments to the State out

of the fund, and that just at a

time when his business may be

contracting and his financial

position difficult.

Alternative

Those involved with the provision of pensions have repeatedly pressed the Government to adopt a different course—the figure of 5 per cent, being raised to a figure (8 per cent.) broadly corresponding with the cost of the Government's solution, and the employer thereby relieved of the necessity of a pay lump sum to the State. This proposal, which would greatly improve the attraction of contracting out at an insignificant cost to the State, has unfortunately met with no success. But an alternative solution is offered by the amendment agreed in the Lords on July 23, allowing occupational pension schemes to be exempted from paying a buy-back premium by providing escalation at an appropriately enhanced rate.

We recall the hopes, so often expressed, that the present Social Security Pensions Bill would end the repeated swings of the pendulum which have, over ten years, prevented real progress in the development of occupational pensions, and would therefore end the enduring solution of the problem of establishing a genuine partnership between the pension schemes and the occupational pension schemes—the latter being recognised as giving great value for the employee concerned and, for the nation, contributing greatly to inflation policies and to the revision of funds for industrial investment.

Regrettably, these hopes have suffered serious set-backs in the

discussions which have taken place on amendments suggested by the pensions industry, although we recognise that some of the proposed amendments have been, at least in part, accepted by the Government. Of course the acceleration in recent months of an already alarming rate of inflation had much to do with the erosion of confidence. But this makes all the more important the modification of features of the scheme which must constitute a major disincentive to employers to contract out.

It is therefore our most earnest hope that something on the lines of the amendment agreed to in the Lords on Wednesday will be retained in the Bill when it returns to the Commons today.

D. F. Gilley,
Chairman, The National Association of Consulting Actuaries.

Max Lander, chairman, The National Association of Pension Funds;

Sir Donald Sargent, chairman, The CIB Society of Pension Consultants;

67, Buckingham Street, W.C.2.

Hastily drafted legislation

From the Managing Director, Pension Planners (Europe).

Sir—Among the clouds concerning the shape of the Government's anti-inflation measures, those which relate to pensions are the most baffling.

The indications seem to be

that Mr. Foot intends to include

occupational pensions in his

overall 5% limit. Is it conceivably that a responsible leader,

and a Socialist, can really mean

to do this? Or is it simply that

he and his advisers have not

quite thought through the im-

plications of such a step? If

pensions are not exempted from

the provisions of the Remunera-

tion Charges and Grants Bill

the following will inevitably result:

Investment in industry will

suffer incalculably. Pension

funds account for a massive pro-

portion of investment in this

country. A reduction in the

potential inflow of funds can

only serve to exacerbate the

plight of British industry. Who

will suffer? Every citizen of this

country would figure in any wealth tax calculations. The same should apply to the actuarial value of retirement annuity policies. It

is precisely by closing loopholes such as this that one may actually discourage voters, especially those who spend their available income up to the hilt and beyond, from thinking that the wealth tax will only hit the other fellow. It will not; especially if the TUC proposal in

start the tax at the £80,000 level and taking inflation into account, it will probably hit over half of the wage earners in the country.

Jack Ross,
16, John Dalton Street, Manchester.

Inflation cover for exports

From The Director, Process Plant Association.

Sir—I am most pleased at the interest aroused by Ray Daffy's article (July 21) and would like to emphasise the difficulty in which the British contractor and plant manufacturer find themselves.

Civil servants' pensions are paid for quite differently and so they are in the happy position that they can ignore inflation. Thus they are equivalent to very rich men.

The Inland Revenue carries out Government policy in taxing the very rich and it is accustomed to the idea of taxing national riches. For example, Mr. Cyril Plant, the general secretary of the Inland Revenue Staff Association, is happy (July 24) to support a wealth tax on the value of businesses, even if there is no cash available.

Why should the civil servant therefore not pay a wealth tax on the value of his pension?

It could be spread over a lifetime, and as it would increase as his pension increased with inflation, he would be as hard up as everyone else in his old age. Which, after all, is only fair.

H. M. Derrick,
The Change, Rendcomb, Stroud.

Resistance to wealth tax

From Mr. J. Ross.

Sir—Mr. J. E. Talbot (July 24) asks: "If a pension is simply that part of the total remuneration which is deferred until after retirement, why should it be treated as an asset for wealth tax purposes?"

The short answer is that the capitalised value on an actuarial basis of a debt just as much as it was owed by a bank or a building society instead of the former employer. Mr. Talbot is correct in saying that no one contends that the other part of the total remuneration received during his working life should be treated as an asset. The remuneration itself is not the asset but any part of this which is saved in a bank

COMPANY NEWS + COMMENT

AAH profit up 29% to record £4.15m.

AGAINST A forecast of a rise of at least 20 per cent., group pre-tax profit of AAH expanded by 29 per cent. to a record £4.15m in the year to March 31, 1975. At the nine months stage it was up from £1.93m to £1.55m.

And current year profits are in advance of those of the same period last year, the chairman, Mr. W. M. Pybus, reports.

Turnover for the year increased from £11.16m. to £17.83m. Earnings per 25p share are shown to have risen from 20p to 23.1p, and the dividend is lifted from 8.25p to a maximum permitted £2.7702p net with a final of 4.32003p.

1974/75 1973/74
Turnover 17.83 11.16
Solid fuel 12.765 11.471
Oil 13.485 11.557
Builders' supplies 13.714 11.109
Road haulage 4,029 3,954
Chemical engineering 2,177 2,052
General engineering 1,110 2,651
Miscellaneous 5,720 5,387
Total turnover 17.830 11.474

TRADE PROFIT—

Solid fuel	2,719	1,671
Oil	462	577
Builders' supplies	1,432	1,422
Road haulage	4,029	2,052
Chemical engineering	1,177	2,052
General engineering	1,121	1,351
Miscellaneous	3,380	3,252
Total trading profits	4,723	3,529
Net interest payable	564	329
Profit before tax	4,159	2,199
Taxation	2,104	1,622
Net profit	3,054	1,551
Ultimate A.C.B. etc.	721	515
Preference dividends	1,104	1,038
Attrib. Ordinary	1,144	1,338
Ordinary dividends	413	350
Including 512,000 shares	31,000	28,000

The chairman says it is much too early to forecast the outcome of the current year; it will be seen that this year will see a move back to the more traditional pattern of a greater proportion of company's earnings earned in the second half.

"I am, however, convinced that the group has the management and financial resources to give the same good account of itself in the future as it has done in the past," he adds.

The points out that profits from continuing diversifications have increased in the past six years from £25,000 to £2,169,000.

• comment

A cold snap in the weather during the closing stages of AAH's financial year made a big difference to final-quarter figures — mainly in the solid fuel division and was instrumental in leaving the annual profit margin better than the 20 per cent. growth predicted after nine months. Both solid fuel and fuel oil distribution are continuing to show their paces in the current year, keeping group profits ahead at this stage.

Builders' merchants and road haulage are both profitable and point for any recovery, and the engineering side is doing quite well. A cold winter after a relatively mild one would really come for the full year.

The interim dividend is raised

achieved in the current 12 months and the balance sheet, when published, should show a very strong base on which to operate. The market is reasonably pleased with the result and puts up the shares to 12p where the yield is 10.3 per cent. covered 2.9 times.

from 9.18p to 10.55p. Total for 1973/74 was 2.656p.

• comment

Hall-Thermotank's custom of taking profits only on contract completions builds a lot of uncertainty into the prospective 1975 outcome. Assuming certain strategic completions, on schedule, then the shortfall on last year's results will be fairly slender, making the balancing act all the more sharp. Recovery in margins. But the shifts of emphasis which are starting to emerge offset the limited relevance of the interim figures. Exports, for example, are ahead by 40 per cent., while the group maintains its leadership in industrial refrigeration, and a downturn into the red on bank borrowings of £3m. underlines the higher cost of trading: it also makes the cost-reducing effect of the recent investment programme look especially timely. At 10p per cent. target yield is just under 10 per cent.

With some substantial contracts to be completed towards the end of the year, accurate forecasting is impossible. Nevertheless, the group continues to benefit from its past high investment programmes.

First half	1973	1974
Turnover	16.73	18.77
Profit before tax	20,461	17,293
U.K. ex	87	211
Overseas inc.	81	103
Current year credits	25	23
Trade credits	180	161
Profit divs	93	97
Attributed Ord.	93	97
Diluted Ord.	—	—

Many surpluses from sales of property and unrealised differences in currency value.

In the first half ended March 1975, profits have fallen from £207,000 to £198,000, but "this is quite well." A cold winter after a relatively mild one would really come for the full year.

The interim dividend is raised

profits. Small wonder the shares jumped 10p to 15p yesterday for a 9 per cent. yield (on an unchanged final).

A. Preedy upsurge— 50% scrip

FROM turnover higher by over 50% to £2.64m. in the year to March 29, 1975, Alfred Preedy and Sons, wholesale and retail tobacconists, etc., achieved an increase in pre-tax profit from £585,132 to £782,282, after a first-half advance from £170,350 to £228,880.

Chairman, Mr. H. L. Preedy, tells shareholders that the group may have exceeded the profit margin levels under the Counter Inflation Act, 1973. Discussions are currently in progress with the Prices Commission—and by the time the annual accounts are published it is hoped to have established the facts if any.

Earnings per 25p share for the year are shown to have risen from 5.55p to 8.27p, and the net dividend total is lifted from 1,639,25p to 1,764p with a final of 1.139p.

The directors propose to increase the authorised capital to £2,651,000 and to capitalise £525,000 in reserves in making a one-for-two scrip issue. They also recommend an increase in borrowing powers.

1974/75 1973/74

Turnover	24,451,881	18,227,500
Profit before tax	782,382	595,335
Attributed Ord.	421,100	325,000
Profit divs	244,999	203,551
Attributed Ord.	10,621	10,436
Diluted Ord.	—	—

Prefer. dividends 74,055

Ordinary 1,639,250

Dividends 1,764p

Attributed Ord. 1.139p

Diluted Ord. 0.569p

Ordinary 0.16

Aug. 29, 1975

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The Financial Times Tuesday July 29 1975

COMPANY NEWS

Macdonald Martin U.S. sales down

THE OUTLOOK in the U.S. market for the first half of the current year of Macdonald Martin Distilleries is not encouraging, reports the chairman Mr. G. A. Ratray. That market is still the company's principal outlet, and there is evidence of some downturn in sales of Scotch whisky.

But there are bright spots in certain areas such as the sales of Glenlivet, and the financial position remains strong with a sound investment in stocks and comparatively little borrowing, he says.

In the second half of the year ended March 31, 1975, orders from export markets, particularly the U.S., fell short of expectations. Against a forecast of over £1m, profits for the year came to £887,942 (£855,612 previously), as stated on June 4 with the 7p (65p) dividend.

The first half took in £284,000 profits on special sales of surplus stocks to reduce their over-draft in view of economic conditions. "We have no reason to regret the timing of these sales," the chairman tells members.

Mr. Ratray is retiring from the Board, and Mr. R. J. Macdonald

will take over as chairman and managing director.

Meeting, Edinburgh, August 21.

Chairman's statement Page 21

IT WOULD be "optimistic" to assume a maintenance of Carlo Ermenegildo Zegna's profit of last year, says chairman Sir Robin Brook in his annual statement. However, on prospects for the longer term, he states that the Board remains confident.

Pre-tax profit for the year to March 31, 1975, reported July 2 jumped from £366,000 to a peak £552,000 and the dividend is lifted from 2.075p to 2.250p net.

A divisional analysis of turnover, profit and export shows engineering £4,200,000 (£1,631,000); leather £1,700,000 (£1,077,000); clothing £1,579,000 (£1,457,000) and £600,000 (£575,000); overseas £133,000 (£152,000) and £18,000 (£267,000).

The card clothing division achieved record sales and profits with over 30 per cent of sales being made overseas.

However, Sir. Robin adds, its prospects for the current year are not bright, since the general downturn in trade has shown an accentuated effect on the textile industry, which is the main outlet for the group's products.

In order to offset this falling off in home demand, the Board is concentrating much of the sales effort on export markets.

All companies in the engineering division with the exception of Dell Baler, achieved record sales and profits last year.

Dell Baler (formed during the year to take over the baling press activities of Thomas Wilton), after a promising start suffered from the severe recession in the waste paper industry and productive capacity had been sharply reduced.

A statement of source and application of funds shows an increase in capital of £100,000 of £80,000.

Carlo Ermenegildo Zegna's remuneration norm... a junior director of £10,000 (same).

At July 1, Brandy held 10.8%

of the company. Meeting Bradford on August 21 at 3 p.m.

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Stated earnings increased from

£124,855 to £333,534 in 1974.

Profits were not subject to tax in Indonesia and were set off against tax losses brought forward in the U.K. These losses have now been exhausted and the "tax holiday" relating to the principal subsidiary in Indonesia will end in April 1976, the directors' end date.

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WALL STREET + OVERSEAS MARKETS

+ FOREIGN EXCHANGES

Off further 6 on domestic pressures

BY OUR WALL STREET CORRESPONDENT

THE DECLINE continued on Wall Street today, reflecting Mid East tensions and a variety of domestic pressures.

The Dow Jones Industrial Average ended 6.26 up to \$278.80 and the Nasdaq All Common stocks rose by another 30 cents to \$475.51 while declines outpaced gains by 1055 to 345.

But the trading volume contracted another 260,000 shares to 142,800.

Pressure of rising U.S. interest rates continue, with a prime rate increase to 7.1 per cent. from 7.0 per cent. spreading among major banks.

Brokers also reported apprehension that the Federal Reserve Board might continue to tighten its monetary policy because of continuing growth in the money supply.

Wall Street showed no immediate reaction to the Commerce Department's report of a record U.S. trade surplus in June.

Semiconductor shares continued to encounter selling pressure. Fairchild Camera slipped \$1 to \$477 on its sharply lower second quarter profits.

National Semiconductor, which was up \$1 to \$342, and Motorola were down \$1 to \$342. But Texas Instruments were firm despite reduced quarterly profits.

Gulf Oil, Occidental Petroleum and Phillips Petroleum each eased after reporting lower earnings. Heavily traded Continental Oil was way up \$1 to \$603.

IBM, which gained \$1 to \$1213 among chemicals.

Steels were narrowly mixed.

Motors eased, pending second quarter earnings.

General Mills finished unchanged at \$343. It announced a two-for-one stock split and plan an increase in the quarterly payout.

Telrite gained \$1 to \$102 on sharply higher second quarter net.

Martin Marietta tacked on \$1 at \$177, following a \$1.5m. Army contract for development of a laser-guided artillery shell.

Playboy Enterprises jumped \$2 in \$41 on its London club setting up a bookmaking operation.

Lotto declined \$1 to \$61 on liquidity problems.

U.S. Steel, California fell \$1 to \$431 on substantially lower second quarter net.

The American SE Market Value Index moved down 0.80 to 80.34, with declines outnumbering advances by 407 to 165.

OTHER MARKETS

Canada again lower

Canadian Stock markets lost further ground in light trading yesterday morning.

The Industrial Share Index dipped 0.23 to 189.72. Base Metals

rose 0.17 to 78.52. Western Oils 1.24 to 183.55. Utilities 0.05 to 129.55 and Chemicals were flat.

Bank stocks moved up 2.94 to 287.33 and Banks rose 0.48 to 275.13.

Among Oils, Dome Petroleum lost \$1 to \$304 and Home Oil "A" \$1 to \$273.

Canadian Industrial Gas were up \$1 to \$74 on 25,410 shares. Hudson's Bay Oil and Gas held unchanged at \$20, following its higher first half earnings last week.

ATCO Industries "A" rose \$1 to \$211 on higher first quarter earnings.

PARIS—Firm in active trading, ahead of possible economic measures.

AMSTERDAM—Steady in slow

Banks, Roads, Rubbers, Constructions, Motors, Electricals and Chemicals were flat.

In Foreign stocks, American, Germans and Dutch issues were irregular. International Oils eased, while Gold and Coppers remained firm.

BRUSSELS—Steady to slightly firmer in quiet trading.

FN rose Frs 25 to 1,980, but Sofina lost Frs 31 to 3,305 and Mees & Hoepe—a communiqué can be expected today.

Insurances, Transportations and Dutch Industrials were mostly steady.

Bonds gained an average of Frs 10 to Frs 20.

GERMANY—Shares closed predominantly higher with business more active in Machines and Chemicals.

Banks were generally higher trading.

Among Internationals, Alko shot Frs 10, Philips Frs 10, Royal Dutch Frs 30.

Bank stocks rose. Algemene Bank Nederland moved up Frs 350 to 340 and Amsterdam-Rotterdam Bank firm Frs 64 to 749. Trade was suspended in shares of Bank Meeus and Hope—a communiqué can be expected today.

Insurances, Transportations and Dutch Industrials were mostly steady.

Motors advanced with VW rising 2.40 to 1,600, BMW DA2 to 232 and Daimler also DM2 to 293.

Machine Makers were strong in active trading with gains ranging from DM3 to DM8. Steels were mostly higher on selective interest.

Minings were mixed to lower. Utilities generally eased. Stores were irregular, with Würth being the most somewhat lower.

The Bond Market improved markedly and the Authorities were obliged to buy only DM11m. nominal of stock against DM90m. on Friday. Public issues were still little changed but Mark Foreign Loans again.

VIENNA—Steady trend.

COPENHAGEN—General higher in moderate trading.

OSLO—Quiet. Banks were steadier.

SWITZERLAND—Mainly lower in moderate trading.

Banks, Financials, Industrials and Chemicals eased, while Insurance declined. Electrotvaill fell

Fr 20 to 1,870, Swiss-Insurance Frs 73 to 4,100 and Brown Boveri Frs 73 to 2,350 to 3,365.

U.S. stocks were mixed in fairly active trading.

MILAN—Generally lower in slack trading, mainly due to the summer holiday and investor reserve ahead of details of the Government's previously-announced Export-Boosting Economic Package due to be finalised this week.

Bonds were more or less steady in slack trading, although new issues weakened.

JOHANNESBURG—Gold shares were higher in a small volume.

"Heavyweights" gained up to R1.30, while "Marginal" and "Popular" stocks gained between 5 and 25 cents.

Financials improved in line with Producers.

Platinum was marginally higher while Coppers were steady to firm.

Industrials were slightly lower.

HONG KONG—Lower in slightly increased trading.

Hong Kong Bank were down 30 cents to HK\$15.30. Hong Kong Land 5 cents to 6.75. Hutchinson 7 cents to 1.65. Jardines 40 cents to 22.30 and Hong Kong and Kowloon Wharf 10 cents to 11.50.

Hong Kong Electric were up

7½ cents to 3.725 and China Light cents to \$A4.80, Kathleen Invest 20 cents to 17.40.

TOKYO—Market eased in quiet trading. Turnover 65m. shares, the lowest volume so far this year.

In Cos., Toshiba dropped 20 cents to 2,320. Mitsubishi 4 cents to 4,100.

Motor Components, Foodstuffs, Shipments and Electricals all declined.

AUSTRALIA—Generally lower, following the collapse of one of Sydney's leading share broking firms, Patrick Partners, along with its listed Investment Company and other interests. Declines outnumbered gains by five-to-one.

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FARMING AND RAW MATERIALS

Tin values higher in London

By Our Commodities Staff

TIN PRICES rose steadily throughout the day on the London Metal Exchange yesterday following the \$12 a picul increase in Straits tin prices in Penang over the weekend.

By the close, standard cash tin had risen by £4.5 to £3,181.5 a tonne, while the three months position was £53.5 up at £3,185 a tonne. Tin stocks in LME warehouses fell by 85 tonnes, to 8,622.

Copper stocks rose by 8,250 tonnes to a new peak of 334,775 tonnes but with little if any impact on the market which opened firm. At the close, cash wirebars were £1.75 higher, at £74.75 a tonne.

Small gains also were recorded in the lead market where cash lead finished at £107.375 a tonne, up £1.625. Lead stocks rose by 600 tonnes, to 57,880, but zinc stocks fell 500, to 21,575. Cash zinc closed £1.25 up, at £32.5 a tonne.

London silver prices followed the strong upward movement in New York, the spot bullion prices closing 2.65 up, at 223.5p a troy ounce. Silver stocks in LME warehouses fell 160,000 ounces, to 14,080,000 ounces.

Sharp fall in cocoa market

By Our Commodities Staff

COCOA PRICES fell sharply on the London terminal market yesterday with the September position ending at £602.75 a tonne, £3.75 below Friday's closing quotation.

The initial decline was seen as a reaction to the rise which had lifted September cocoa by nearly £300 a tonne in just over a month. But this triggered profit-taking and stop-loss sales as well as belated hedging against recent physical purchases by manufacturers.

The decline was aided by the availability of cheaper cacao on the actuals market, particularly from the African new crop.

Purchases of Ghana midcrop cacao for the seventh week of the season (July 24) are estimated at 428 tons, according to the Ghana Cocoa Marketing Board, reports Reuter from Accra. This brings total midcrop purchases this season to an estimated 3,888 tons, against 4,236 tons after seven weeks last year.

COMMODITY MARKET REPORTS

BASE METALS

COPPER Remained firm, albeit in relatively quiet trades, on the London Metal Exchange. Despite the high level expected further rise in warehouse stocks, prices opened higher before running into some profit-taking during the morning. However, a subsequent firm opening on Comex helped the resilience of the market here and forward wirebars traded up to a daily record of 11.75 in the afternoon Korb, turnover, 15,880 tonnes.

Amalgamated Metal Group reported that in the morning cash wirebars

Soviet buying speculation excites grain markets

By PETER BULLEN

RENEWED SPECULATION over the eventual quantity of grain that the Soviet Union will buy this year caused a further flurry of excitement on world markets yesterday.

Prices on the Chicago grain market opened sharply higher—many by the maximum permissible—due mainly to pre-weekend statements by U.S. Department of Agriculture officials that, despite Soviet purchases of over 13.6m. tonnes of grain so far, the USSR may eventually have to buy far more.

According to the firmness in the Chicago grain pits were weather reports from Iowa, which produces some 20 per cent of the U.S. maize crop, which said rains were urgently needed.

In London, grain markets were firm but more subdued than in Chicago. English milling wheat rose by 50.5 to 59.25 a tonne, and home barley futures were up 20.25 to 58.5 a tonne.

During the day, Reuter reported from Cairo that Egypt would buy 1m. tonnes of wheat

from the EEC this year at a maximum price of \$175 a tonne, but difficult and without offering any time update on its December three-year agreement covering meat, sugar and dairy products as well as wheat.

And from Porto Alegre, the director general of Brazil's National Wheat Marketing Board, Sr. Humberto Garofalo, was reported to have forecast that the recent frosts may cut Brazil's wheat crop from the expected 3.7m. tonnes, to 2.6m.

Dry weather

But the major influence on grain prices for some time to come is still expected to be the Soviet Union's purchases. USDA estimates that the Soviet grain harvest may now be as low as 18.5m. tonnes, down from 21.7m. tonnes last year.

"The weather in many parts of the country has improved the prospects for late sown cereals. Aphids are now leaving the winter wheat and damage only appears to be serious in isolated areas. Fallow disease have not caused serious loss," it states.

EEC in Egypt food deal Page 5

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Harvesting of winter barley continues with average or a little above average yields, it states. Straw is being quickly baled and gathered. Early spring barley will be ready for cutting in some parts next week and winter wheat will be a little later.

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Coffee crop threatened in Angola

By Our Commodities Staff

THE ANGOLAN situation took over from the Brazilian frost as the major factor in the coffee market yesterday. Concerns for the Angolan crop, threatened by a serious labour shortage because of the civil unrest, boosted the September position on the London terminal market to £78.5 a tonne.

A major sell-off later brought a sharp turnaround, however, and September coffee ended at £71.8 a tonne, down £2.25 on the day.

The late follow the resumption of trading in New York where coffee had been listed at £71.85 a tonne since last April.

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PIG MARKETING

Footing the bill for independent grading

By DAVID RICHARDSON

THE FATSTOCK guarantee scheme for pigs comes to an end on Thursday after 30 years of existence. For the past three years, no payments have been made under the scheme as market prices have been above the guaranteed level.

That does not mean to say that pig profits have been high for that period, indeed most producers lost money on pigs for several months last year. But the U.K. Government has fixed pig guarantees so low as to be ineffective. Presumably, this is in anticipation of full EEC membership, where the threshold price and intervention procedures for pig meat are nominal and only have been used by my knowledge.

It seems unlikely, however, that a decision on the future of the weighing and grading service will have an immediate effect on the weighing and grading services which will be resolved so quickly.

An integral part of the guarantee scheme, however, has been the recording, or certification as it is known, of the weights, prices and numbers of all pigs sold for slaughter. This has been undertaken for the Government by officers of the Meat and Livestock Commission (MLC), who also classify or grade carcasses

such services. This, it is estimated, will result in a loss of income by MLC of nearly £1.5m. A solution to the lack of figures to provide an APR has apparently been reasonably simple—the last year has been called from formulae involving the prices of live pigs sold in auction and graded bacon pigs.

After July 31 a new system, developed by MLC, will also bring in prices of pork pigs sold at deadweight outlets. Its authors, who have been doing dummy calculations for the past nine months, claim that it will be more efficient than the old method and will be accepted by all sides of the trade.

It seems unlikely, however, that a decision on the future of the weighing and grading service will have an immediate effect on the weighing and grading services which will be resolved so quickly.

Abattoirs and pig factories have received a letter from the MLC to the effect that there is no intention of withdrawing the services immediately.

Meanwhile, discussions are taking place between the MLC, the trade and pig producers to establish what kind of services are required for the future.

Privately, MLC officials admit that they can only continue to weigh and classify carcasses for a few months within their present budget.

Keeping the service going, they claim, will cost between 8p and 9p per pig and they are searching for ways of raising the extra money without upsetting either the meat trade or farmers.

This would be a difficult enough job at any time, but what that confidence is worth.

One bacon factory manager suggested that it might be cheaper for farmer and factory to combine a 100 per cent increase this year in the MLC levy charged on all pigs slaughtered (from 10p to 20p per pig).

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STOCK EXCHANGE REPORT

Firm British Funds lead technical rally in equities

Share index up 7.8 at 294.5—Rumours weaken BP

Account Dealing Dates

Option

First Dealing Last Account

Dealing Days Dealing Day

July 14 July 24 July 25 Aug. 5

July 28 Aug. 7 Aug. 8 Aug. 19

Aug. 11 Aug. 20 Aug. 21 Sep. 2

"Now time" dealings may take place from 2.30 am till business day starts.

Another good performance yesterday by British Funds helped sentiment in leading equities, which staged a useful technical rally on the first day of a new Account.

Gilt-edged securities attracted renewed demand which persisted throughout the day. Short-dated issues closed with gains to 1 and medium with rises to 1. While long-dated securities were up to a point higher on occasion, more. The Government Securities index put up 0.60 to 41.09, thus more than erasing last week's fall of 0.48.

Leading equities were hesitant in the first hour or so of trading, but as the strength of gilts built up so early sellers of equities went to ground and prices of the latter began to move ahead. Sentiment was further boosted by the willingness of City institutions to back an ailing industry in the advance, rising 10 to 240s while Lloyds gained 54 to 185p 1/2d. Barclays were 7 dearer at 232p but National Westminster added only 2 to 200p 1/2d. Bank of Scotland recovered 6 to 230p. Daimler recovered 8 to 230p. Bank of England rose 10 to 230p. The 70-share index recovered 7 to 294.3, but official markets remained below the 3,000 mark at 3,884 and compared with last Friday's 4,784 and the weekago figure of 4,787.

Week-end Press comment produced few features among which British Petroleum weakened 17 to 403p on the possibility of higher on small investment buy-

a public offer for sale of Burmah's former stake in BP.

Gilts impressive

Having discounted Friday's rise in Minimum Lending Rate, generally considered a short-term emergency move in the market, British Funds went ahead impressively with yield attractions of the major stimulant. Demand for long-dated issues was constant and reasonably-sized which led to final rises of 1 point and a little more in places. A good interval was also forthcoming for the shorts and this came counteracted sales, which were seen switching longer, to leave quotations with gains extending to 4, after 1%. The continued absence of any new long "tap" issue was a bolstering influence; this was an unexpected influence.

An uneventful day in the investment currency market came to its conclusion with the premium 14 lower again on the day at 841 per cent. Yesterday's S.E. conversion factor was 0.6434 (0.6410).

Keyser good again

Small dealers took the big four Bank shares. Midland rose 10 to 240s while Lloyds gained 54 to 185p 1/2d.

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ing. Gains ranged to 5 as in Sun Alliance, 287p, "Royals" (interim due August 19) hardened 4 to 285p. Pearl put on 4 to 194p and Leslie and Godwin 2 to 185p, the latter after the interim dividend.

Breweries continued in firm vein on little business. Amherst Hardened 2 to 60p, while favourable Press comment helped Reddingtons close similarly dearer at 230p. Small buying on hopes that Ellerman Lines will soon announce bid terms took J. W. Distillers improved 3 to 130p. Amalgamated Distilled Products were unaltered at 38p following

the results.

Among generally quiet Building Francis Parker attracted renewed support and closed 4 higher at 4p following a reasonable turnover. Gains of 5 were seen in Burmoh, 185p, and International Paint, 155p, while NIT picked up 3 more at 35p pending fresh developments in the bad situation. Edward Jones and Hewden Stuart were quoted ex their respective scrip issues at 120p and 40p.

The day closed a shade below the day's best at 254p for a net gain of 6. Elsewhere in Chemicals, Federated Chemicals were raised 4 to 47p and Hoechst 8 to 30p.

Marks and Spencer active

The company's stock reduction moves brought selling pressure to bear on Marks and Spencer which reacted to 35p before rallying to close unchanged on the day at 35p following a good business.

Other Stores moved ahead in active trading. British Stores improved 8 to 296p, while rises of 4 were seen in "Gusses" 155p, and Debenhams 65p, both improved 4.

Insurance continued to edge

upward to 35p on balance of Press comment with a rise of 5 to 30p, while Vernon Fashion edged up a penny to 40p.

On the script issue, the latter followed the chairman's comments on the latter which on a fair amount of selling fell 7 to 60p. News of the first-half setback lowered Hall-Thermotank 7 to 45p, while other oil spots included Alumina Corp., down 3 at 30p, and EFC, 21p, at 35p with the quoted ex nil-paid shares at 20p. Elsewhere, GBP were raised 5 to 55p, while Marystown 14 to 150p on the first-half profits.

Electrical leaders gained ground on modest buying before finishing a little below the day's best. Favourable week-end Press comment aided GEC, 51p firmer at 147p, and Ordinary closing 4 up to 120p, while EMI, 120p 1/2d and EML, 4 up to 120p, after 147p. Thorn Electrical hardened 3 to 36p, while Cadet, 150p, and Ready, 30p, gained 3 to 31p. On the other hand, A.T. Sulzer "A" non-voting eased 2 to 12p. Dorman Smith Ordinary and "A" were quoted ex scrip issue at 105p and 96p respectively.

The situation is leading. Encounters were no different from other first-line equities, good news being made in thin trading.

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Tate and Lyle closed 5 better at 190p, after 191p, but the new nil-paid shares, after being raised to 130p premium, were finally unchanged on the day at 90p premium following a reasonable turnover.

Cavendish, 120p, Northern Foods were supported up to 63p, a rise of 5. In Supermarkets, Tesco firmed 13 to 40p.

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INDUSTRIALS—Continued											
No.	Stock	Price	+/-	No.	Ctr.	Gross	T.M.	P.E.	No.	Ctr.	Gross
38	John's & E. Ltd.	28	-2	27	1.1	1.0	8.2	47	12	1.1	1.0
46	Johnson Cars	21	-2	21.6	1.0	10.8	5.5	5.5	11	Wood & Sons Sp.	12
945	Johnson Mat. Co.	265	-2	10.23	4.9	5.8	5.3	13	7	Wood & Arthur Sp.	12
12	Jones Ind.	24	-2	1.97	2.6	10.8	4.8	29	12	Wood & Sons Sp.	12
14	Jubilee Ind.	34	-2	1.46	2.4	11.2	2.1	27	4	Woodall Estate Sp.	14
47	Kelvin Ind.	15	-2	2.47	2.1	11.2	2.1	27	14	Winton Farm Sp.	12
70	Kennedy Sec. Inc.	16	-2	1.46	1.6	13.2	2.1	27	14	Zetters Sp.	18
203	Kevlar	24	-2	12.01	6.7	2.9	2.85	10			
39	Kewanee	26	-2	1.23	3.5	7.5	6.0	10			
29	Keweenaw	26	-2	2.98	2.5	10.4	5.5	45	30	Broadbent Rd. 10p	57
50	Khanda Int. Inv.	24	-2	2.0	1.5	13.2	5.5	154	124	Britannic 10p	12
103	L.R.C. Int. Inv.	24	-2	2.7	2.5	6.5	4.5	42	42	Canal Co. Am. 5.5	12
118	Halifax Ind.	34	-2	1.97	2.4	11.2	2.1	27	14	Canal Co. Am. 5.5	12
42	Leeds Ind. 50p	35	-2	1.46	2.4	11.2	2.1	27	14	Castrol 10p	12
47	Leeds Ind. 10p	29	-2	1.46	2.4	11.2	2.1	27	14	Castrol 10p	12
19	Leeds Harris	21	-2	1.23	3.5	7.5	6.0	10			
21	Leeds Ind. 15p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
42	Leeds Ind. 20p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 25p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 30p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 35p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 40p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 45p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 50p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 55p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 60p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 65p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 70p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 75p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 80p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 85p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 90p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 95p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 100p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 105p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 110p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 115p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 120p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 125p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 130p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 135p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 140p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 145p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 150p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 155p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 160p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 165p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 170p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 175p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 180p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 185p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 190p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 195p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 200p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 205p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 210p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 215p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 220p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 225p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 230p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 235p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 240p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 245p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 250p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 255p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 260p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 265p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 270p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 275p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 280p	21	-2	0.73	5.5	4.5	4.5	116	116	Catford Shipyards	12
47	Leeds Ind. 285p	21	-2	0.73	5.5	4.5					

